

Culture

**Annual Report
2012-2013**

Alberta ▀

Note to readers:

Copies of the annual report are available on the website (www.culture.alberta.ca) or by contacting:

Culture

Communications

740, 10405 Jasper Avenue

Edmonton, Alberta T5J 4R7

Phone: (780) 427-6530

Fax: (780) 427-1496

ISBN: 978-1-4601-1152-9

ISSN: 2291-6946

Culture

Annual Report 2012-13

CONTENTS

| | |
|---|-----|
| Preface | 2 |
| Minister's Accountability Statement | 3 |
| Message from the Minister | 4 |
| Management's Responsibility for Reporting | 5 |
| Results Analysis | 6 |
| Ministry Overview | 6 |
| Review Engagement Report (Auditor General's Report) | 9 |
| Performance Measures Summary Table | 10 |
| Discussion and Analysis of Results | 11 |
| Ministry Expense by Function | 29 |
| Financial Information | 31 |
| Financial Statements | 33 |
| Other Information | 165 |
| Statements of Writeoffs | 165 |
| Acts Administered by Culture | 166 |
| Performance Measures: Data Sources and Methodology | 167 |
| Readership Survey | 168 |

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On May 8, 2012, the government announced new ministry structures. The 2012-13 ministry annual reports and financial statements have been prepared based on the new ministry structure.

The Ministry of Culture and Community Services was restructured. The Ministry of International and Intergovernmental Relations' responsibility for the Francophone Secretariat was transferred to the ministry, which was renamed the Ministry of Culture.

This annual report of the Ministry of Culture contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- the financial statements of entities making up the ministry including the Department of Culture, regulated funds and provincial agencies for which the minister is responsible; and
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2013, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 7, 2013, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]
Heather Klimchuk
Minister of Culture

Message from the Minister

During the last fiscal year, Alberta Culture continued to focus on government's Building Alberta Plan by fostering growth and developing sustainability within our cultural sector. We remained committed to supporting our province's cultural policy by encouraging arts and cultural industries, promoting and preserving our heritage and fostering relationships within our nonprofit/voluntary sector to help build even more inclusive and engaged communities.

In January, following the Culture Forum held in 2011-12, we released a report of the input provided by attendees and identified priority actions, including a renewed mandate for the Premier's Council on Culture to further build the capacity of Alberta's cultural sector, and championing culture in communities all across Alberta. We are also working closely with Alberta Education to support greater cultural involvement in Alberta's schools and develop resources and programming as part of our commitment to focus on families. With over 110,000 students participating in approximately 4,000 heritage programs, Alberta Culture is the largest provider of kindergarten to grade 12 education programs outside the school system.

As a member of the ministerial working team, I advocated for the inclusion of culture within Alberta's International Strategy to acknowledge the breadth and value of cultural activities to our quality of life. Alongside Premier Redford in London during the 2012 Olympics, I promoted aspects of Alberta's vibrant culture that serves to define us as a province, contributes to our quality of life and makes Alberta such an attractive place to live, visit, invest and do business.

In fall 2012 during Alberta Culture Days, Culture was also on display here in the province during a three-day celebration drawing thousands of Albertans to 1,235 events in 81 communities. For the first time, the celebration also included kick-off events in Edmonton and Calgary, a new addition to this annual event.

Through my ministry's grant programs, more than \$83 million was provided to support more than 3,500 initiatives aimed at building strong and healthy communities; including \$23.5 million provided to encourage and promote the arts; \$4.9 million to protect and preserve the province's heritage landmarks; and \$25.3 million to film and other cultural industries.

Many celebrations honoured our province's heritage and history. Calgary, as a Cultural Capital of Canada for 2012, helped us raise Alberta's cultural profile across the nation. The Head-Smashed-In Buffalo Jump Interpretive Centre, a UNESCO World Heritage Site, celebrated its 25th anniversary. In September, I was honoured to designate the Legislature Building and portions of its south grounds as a provincial historic resource to mark its centennial.

In June, I welcomed federal, provincial and territorial ministers responsible for the Canadian Francophonie to Edmonton for the 17th Ministerial Conference on the Canadian Francophonie where delegates shared ideas and best practices on promoting intergovernmental cooperation in support of the nation's Francophone communities.

These examples offer a glimpse of our ministry's numerous accomplishments in 2012-13.

[Original signed by]
Heather Klimchuk
Minister of Culture

Management's Responsibility for Reporting

The Ministry of Culture includes the Department of Culture and the reporting entities listed in the ministry overview chart on page six.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Culture. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information agrees with underlying data and the source used to prepare it.
- Understandability and Comparability – current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – performance measures and related targets match those included in Budget 2012.

As deputy minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board, the Minister of Finance and the Minister of Culture information needed to fulfil their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

[Original signed by]

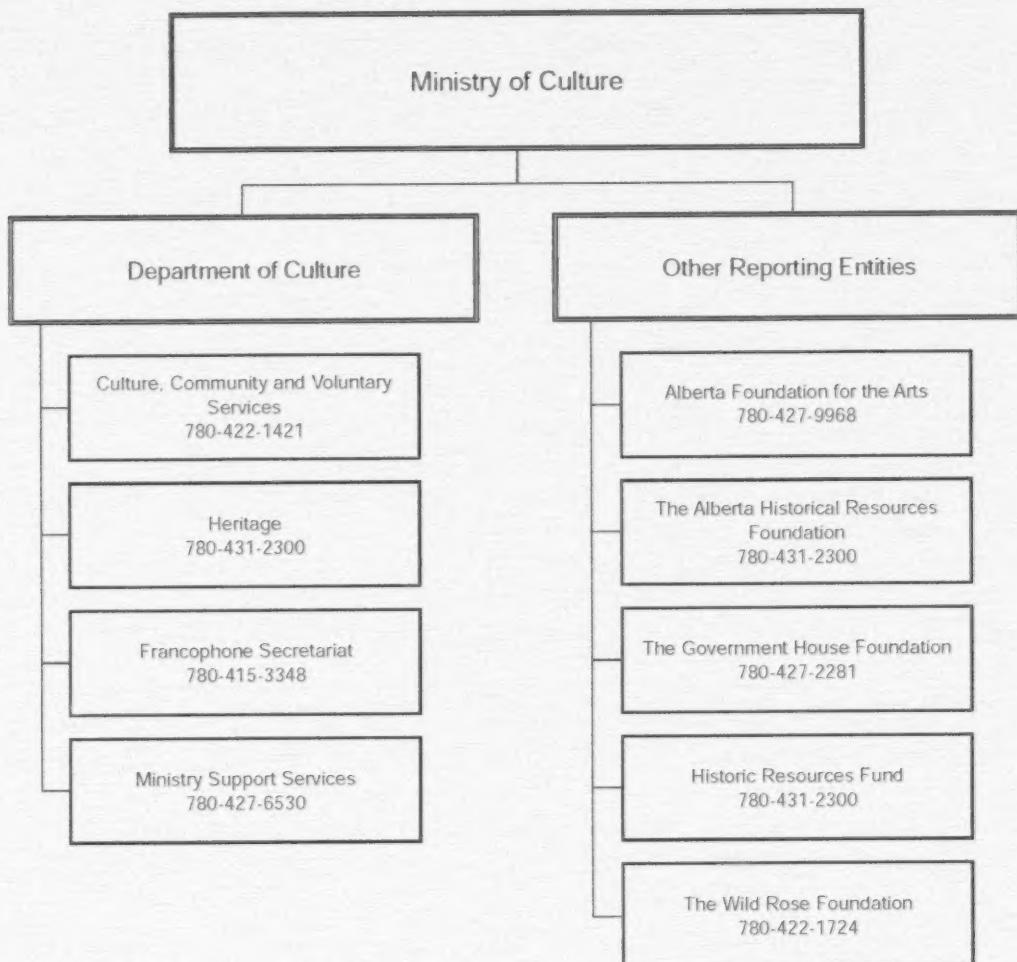
Barry Day

Deputy Minister of Culture

June 7, 2013

Results Analysis

Ministry Overview



The following description of the ministry's structure provides an overview of the range of programs and services available to Albertans.

Department

1. Culture, Community and Voluntary Services

The Culture, Community and Voluntary Services Division supports a wide range of community and cultural endeavours through education programs and services; collaboration, facilitation and consultation services; and financial support to community organizations. The division works closely with Alberta's nonprofit/voluntary sector in developing its sustained ability to provide community services. The Community Spirit Program encourages charitable giving to nonprofit organizations and charities through the charitable tax credit and a proportional grant program. Lottery-funded grant programs such as the Community Facility Enhancement Program, Community Initiatives Program and Other Initiatives Program offer a diverse range of financial supports to meet the needs of nonprofit organizations.

The division provides support to the Alberta Foundation for the Arts for grant programs and services dedicated to developing and showcasing the arts. It also manages the Northern and Southern Alberta Jubilee Auditoria that provide Albertans the opportunity to experience world-class entertainment and perform in premiere venues. Alberta Film collaborates with the film, television and digital media industry to facilitate growth and attract foreign productions to the province. Financial incentives are provided through the Alberta Multimedia Development Fund to screen-based media production, sound recording and book and magazine publishing. The division also helps Albertans make informed viewing choices by providing film classification services and licences to commercial film distributors that operate in Alberta.

2. Heritage

The Heritage Division preserves, protects and presents Alberta's natural and cultural history. The division carries out its mandate by managing and operating a network of 20 provincial heritage facilities consisting of the Provincial Archives of Alberta, Royal Alberta Museum, Royal Tyrrell Museum of Palaeontology, Reynolds-Alberta Museum, Ukrainian Cultural Heritage Village, Remington Carriage Museum and 14 historic sites and interpretive centres. It also manages the provincial heritage collections, and develops and delivers education programs, exhibitions and special events. The division regulates land-based development activities in the province to preserve significant historical resources, and protects designated historic places, archaeological and palaeontological sites and historic buildings. It also provides support to The Alberta Historical Resources Foundation and The Government House Foundation.

3. Francophone Secretariat

The Francophone Secretariat serves as a liaison between the Government of Alberta and Alberta's francophone community. It disseminates information in French on government programs and services and clarifies and represents the needs of the francophone community within government. The secretariat manages the Canada-Alberta Agreement on French-Language Services that provides funding to government departments and agencies and francophone community organizations to support the delivery of services in French. The secretariat also coordinates the Government of Alberta's participation in organizations and events such as the annual federal-provincial-territorial Ministerial Conference on the Canadian Francophonie.

4. Ministry Support Services

Ministry Support Services includes the minister's office; deputy minister's office; communications; human resource services; and policy and strategic corporate services. These services are provided to the entire ministry to optimize operating efficiency.

Other Reporting Entities

1. Alberta Foundation for the Arts

The Alberta Foundation for the Arts provides funding to artists and arts organizations to encourage the growth and development of the arts sector in Alberta. Grants from the foundation help to provide opportunities for public participation in, and enjoyment of, the arts; for artists to develop excellence in artistic practice; and for organizations to increase capacity for arts programming. In addition, the foundation collects visual art of artistic and historical significance by Alberta artists and supports programming to display artwork from the collection in communities throughout the province, nationally and internationally.

2. The Alberta Historical Resources Foundation

The Alberta Historical Resources Foundation provides grant assistance for community-based heritage initiatives across the province. These include conservation of historical buildings and main street heritage districts, as well as the development of interpretive markers, publications and educational projects. In addition, the foundation is responsible for the naming of geographical features in Alberta and supporting the activities of several heritage societies.

3. The Government House Foundation

The Government House Foundation cares for and promotes the interests of Government House, the former home of Alberta's lieutenant governors. The foundation advises the minister on the preservation of Government House as an historic site and building, and enhances the physical attributes of Government House, including its works of art and furnishings.

4. Historic Resources Fund

The purpose of the Historic Resources Fund is to protect, enhance, promote and display Alberta's historical resources. This is done through funding programs designated by the Lieutenant Governor in Council and by promoting the use and development of related facilities.

5. The Wild Rose Foundation

The Wild Rose Foundation was established to support Alberta's voluntary sector and promote volunteerism through the provision of financial assistance, skills development and training, and recognition initiatives. The foundation currently provides funding for the annual Vitalize Provincial Voluntary Sector Conference.



Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measure identified as reviewed by the Office of the Auditor General in the Ministry of Culture's Annual Report 2012-2013. The reviewed performance measure is the responsibility of the ministry and is prepared based on the following criteria:

- Reliability – The information used in applying performance measure methodology agrees with underlying source data for the current and prior years' results.
- Understandability – The performance measure methodology and results are presented clearly.
- Comparability – The methodology for performance measure preparation is applied consistently for the current and prior years' results.
- Completeness – The goal, performance measure and related target match those included in the ministry's budget 2012.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the performance measure identified as reviewed by Office of the Auditor General in the ministry's annual report 2012-2013 is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 16, 2013

Edmonton, Alberta

Performance measures reviewed by the Auditor General are noted with a double asterisk (**) on the Performance Measures Summary Table

Performance Measures Summary Table

| Goals/Performance Measure(s) | Prior Years' Results | | | | | Current Target | Current Actual |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|----------------|----------------|
| 1. Alberta has a sustainable, vibrant arts community that inspires creativity and innovation and is essential to how we live, work and learn | | | | | | | |
| 1.a Percentage of adult Albertans who participated in arts activities or events* | 91.0% 2008-09 | 90.7% 2009-10 | 89.5% 2010-11 | 86.0% 2011-12 | 90.0% 2012-13 | | |
| 1.b Dollars spent in Alberta as a result of film and television productions supported by the Alberta Multimedia Development Fund (\$million) | \$89.6 2008-09 | \$93.4 2009-10 | \$63.5 2010-11 | \$75.5 2011-12 | \$60.0 2012-13 | | |
| 2. Alberta, with the support of a strong nonprofit/voluntary sector, has resilient, inclusive and engaged communities | | | | | | | |
| 2.a Percentage of adult Albertans who volunteered in their community | 81.4% 2008-09 | 82.7% 2009-10 | 72.3% 2010-11 | 80.4% 2011-12 | 75.0% 2012-13 | | |
| 2.b Percentage of customers satisfied with capacity building facilitation services and workshops | 97.3% 2008-09 | 97.6% 2009-10 | 96.8% 2010-11 | 97.6% 2011-12 | 98.0% 2012-13 | | |
| 3. Alberta's rich heritage is valued, and historical resources are preserved and accessible to Albertans, Canadians and international audiences | | | | | | | |
| 3.a Percentage of adult Albertans who feel that historical resources in Alberta communities are important in contributing to the overall quality of life in Alberta** | 95.0% 2008-09 | 95.4% 2009-10 | 93.3% 2010-11 | 94.2% 2011-12 | 95.0% 2012-13 | | |
| 3.b Percentage of adult Albertans who visited a heritage facility in Alberta | 62.7% 2008-09 | 60.9% 2009-10 | 61.3% 2010-11 | 58.8% 2011-12 | 62.0% 2012-13 | | |
| 3.c Percentage of adult Albertans who agree that overall historical resources are being adequately protected and preserved in Alberta communities | 63.1% 2008-09 | 64.6% 2009-10 | 65.5% 2010-11 | 65.2% 2011-12 | 66.0% 2012-13 | | |

* This measure is also included in *Measuring Up* 2013 under goal one. Data for this measure for years 2009-10 to 2012-13 were audited by the Office of the Auditor General as indicated in the *Measuring Up* auditor's report.

** Indicates the performance measure that has been reviewed by the Office of the Auditor General. The performance measure indicated with ** was selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal,
- Measures for which new data is available, and
- Measures that have well established methodology

For more detailed information see Performance Measures: Data Sources and Methodology on page 167.

Discussion and Analysis of Results

Core Business one – promote the economic and social value of culture to Albertans. This core business is linked to all goals.

Goal One

Linked to Core Business two – support the growth, participation in and appreciation of the arts in Alberta

Alberta has a sustainable, vibrant arts community that inspires creativity and innovation and is essential to how we live, work and learn

Overview

The ministry works with artists, arts organizations and cultural industries in supporting this goal. This includes preserving, maintaining and displaying Alberta's art collections; providing support to film, television and digital media, sound recording and book and magazine publishers; and distributing grants to artists and arts organizations through the Alberta Foundation for the Arts. At the Jubilee Auditoria, Albertans have access to a wide variety of cultural and community events, including international touring theatre companies and musicians. Other ministry activities include classifying all films prior to public exhibition, licensing and regulating film distributors, and communicating classifications to movie theatres and media outlets.

Results

A report was made available on January 9, 2013, that compiled input received at Culture Forum 2012, the largest cross-disciplinary discussion on culture ever held in Alberta. Nearly 400 representatives of Alberta's arts, heritage, multicultural, nonprofit/voluntary, creative industries and corporate sectors participated in the forum. A series of strategies were discussed to address proposed challenges frequently faced by individuals and organizations striving to make Alberta's culture sector healthy and sustainable. The report summarizes strategies shared at the event and input from the 294 people who responded to an online survey available after the forum.

Premier Redford and Minister Klimchuk announced the renewal of the Premier's Council on Culture in January 2013. The mandate of the renewed council will be to: champion Alberta's cultural policy, *The Spirit of Alberta* in the community; assist in the development and implementation of a long-term,

DID YOU KNOW?

The ministry develops partnerships with other ministries, other governments, the private sector, the nonprofit/voluntary sector and the cultural sector to explore and recommend new ways to support the four keystones of Alberta's cultural policy, *The Spirit of Alberta*: access to cultural activities; community capacity to support culture; artists striving to achieve excellence; and government policy encouraging cultural industry capacity, sustainability and development.

DID YOU KNOW?

The Alberta Culture Calendar homepage was the second most viewed page on the Alberta Culture website, with more than 44,000 visitors. There were over 1.3 million page views and Albertans submitted 5,046 events over the course of the 2012-13 fiscal year to the calendar.

DID YOU KNOW?

Through ministry support, some of Alberta's best performers provided entertainment and more than 500 children and youth from Canmore and across the province offered up musical performances in the "Spectator Zone" near the course finish line at the FIS Cross Country World Cup in Canmore.

DID YOU KNOW?

Alberta Artists Streaming Radio, a partnership between the ministry and the Alberta Music Industry Association, plays hundreds of independent artists from across the province, ranging from country and folk to punk rock. In 2012-13, the Alberta Artists Streaming Radio media player played approximately 3,460 hours of music to Canadian listeners and 86 hours of music to international listeners from all over the world.

to bookings for Alberta artists at cultural events in the United Kingdom. The London mission was an important initiative in exposing Alberta's vibrant cultural industries to an international audience. As a result of the mission, the Alberta Music Industry Association, with support from the Alberta Foundation for the Arts, will be promoting Alberta music in the United Kingdom over the next two years.

DID YOU KNOW?

The Alberta Foundation for the Arts launched the AFA Splash Contest in the fall of 2012. Albertans were encouraged to share their stories of how the arts have made a splash in their lives and/or communities. The contest received over 30 video submissions and 2,400 votes for the best video from the public. The top three contest winners were awarded cash prizes for fun, creative and inspiring arts stories capturing the spirit of the contest.

province wide culture plan; promote an understanding among Albertans of the benefits of participating in and supporting cultural activities; and identify innovative approaches, partnerships, and funding models for the promotion and support of culture in Alberta. An expanded membership will reflect the diversity of Alberta and will have a demonstrated commitment to, and experience in, culture.

Led by the premier and the minister, Alberta's arts and cultural organizations were represented in London during the 2012 Olympics. The minister hosted an Alberta cultural luncheon for almost 80 representatives from institutions, arts organizations, festivals and other arts presenters. The minister spoke about Alberta's thriving culture scene, and nine performances by Alberta artists were featured. The artists acted as cultural ambassadors, sharing the province's diversity and helping build a picture of the quality of life in Alberta. Progress was made on fostering cultural exchanges and growing Alberta's cultural industries. Discussions with festival organizers led

To further improve Albertans' access to the arts, the Alberta Foundation for the Arts launched its redeveloped website in December 2012. The website features improved virtual access to the art collection, including exhibit highlights, new acquisitions, exhibition loans, a featured piece of the week, and a portal for the public to register and create their own virtual collection. An operational review of the travelling exhibitions program resulted in increased contract terms for community partners, from three to five years. This will enhance program continuity and quality, allowing it to better fulfil its mandate of providing every Albertan with the opportunity to enjoy visual or media arts in their community.

In the fall of 2012, the ministry, through the Alberta Foundation for the Arts, released its Collection Framework and Policy Manual. The manual defines the purpose of the art collection and includes policy

relevant to each of the core areas. It ensures that the care and handling, preparation, and preservation of artwork are conducted according to museum and archival standards, fulfilling the ministry's legislated responsibility to preserve and maintain the art collection. In addition, it provides policy and procedures that reflect best practices and accepted professional standards for collection acquisition and deaccession, cataloguing and records management, care and handling, conservation and education programming.

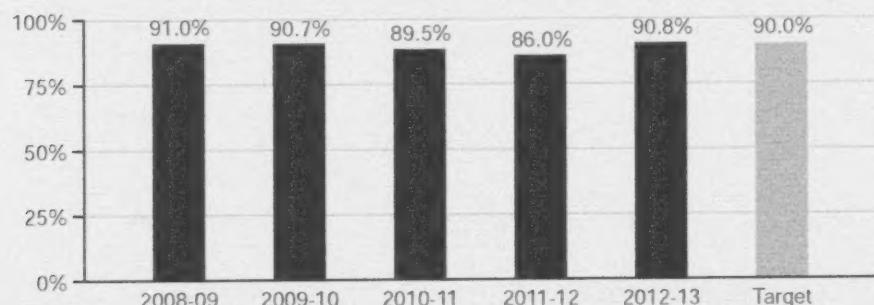
In late 2012, the Alberta Film Advisory Council submitted recommendations of significant importance to the film, television, and digital media industry. These recommendations focus on a plan for a Calgary film studio initiative incorporating significant investment from the private sector; a new private-public funding model to attract additional investment to the sector; and review of the Alberta Multimedia Development Fund screen-based production guidelines. The recommendations are currently under review in the ministry to determine next steps in supporting a strong and vibrant film, television, and digital media industry in Alberta.

DID YOU KNOW?

Construction of Canada's National Music Centre in Calgary started on February 22, 2013. The centre, set to open in 2015, will be home to exhibitions, collections, programs, performance space, research and collaboration that represent the best of the Canadian music industry. In 2012-13, the Government of Alberta contributed \$19 million toward the creation of this national cultural institution.

Performance Measures

1.a Percentage of adult Albertans who participated in arts activities or events



Source: Survey of Albertans on Culture

Description

This measure indicates adult Albertans' participation, including attendance, in arts activities or events. Examples of participation include performing in a choir, playing a musical instrument, taking an arts course or visiting an arts exhibition or gallery.

Results

In 2012-13, 90.8 per cent of adult Albertans participated in or attended arts activities or events. The result was 0.8 per cent higher than the target and 4.8 per cent higher than last year's result. The result indicates approximately 9 out of every 10 Albertans attended or participated in an arts activity or event.

Analysis

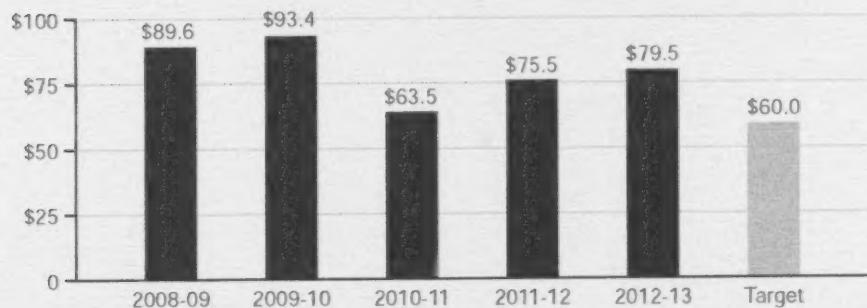
Individual participation increased by 12.4 per cent to 64.9 per cent in 2012-13, while attendance increased by 3.4 per cent to 84.8 per cent. Some of the more significant increases in attendance at arts events were seen at live performances (3.3 per cent) and purchasing an art product (7.8 per cent). Festival attendance decreased (-4.6 per cent) this year. Participating in arts events or activities saw increases in home-based activities such as music, dance, crafts, painting, ceramics, or others (15.2 per cent) and in activities like painting or drawing a piece of artwork (7.4 per cent).

The results remain high and may be attributed in part to the work undertaken with artists, arts organizations and cultural industries to promote participation in, and foster an appreciation of, arts events. For example, the ministry funded arts activities with nearly \$23.5 million in grants. In 2012-13, 88.1 per cent of this funding was provided to 743 organizations (including 175 schools) for operational and project funding, as well as to amateur arts organizations to support their activities. These organizations provide arts events and programming throughout the province.

DID YOU KNOW?

Once again, the Northern and Southern Alberta Jubilee Auditoria made the Top 100 Theatres Worldwide listing. The Northern Jubilee is listed at number 49 and the Southern Jubilee at 61. Only four Canadian venues made the list.

1.b Dollars spent in Alberta as a result of film and television productions supported by the Alberta Multimedia Development Fund (\$million)



Source: Alberta Multimedia Development Fund Production Reports

Description

The Alberta Production Grant stream through the Alberta Multimedia Development Fund supports screen-based programs to develop local production expertise and talent, sustain industry development and continue investment in Alberta-based production. This measure indicates the total dollar expenditure in Alberta of all film productions supported by the fund. Eligible costs generally include all expenditures where the good or service is purchased and consumed in Alberta.

Results

In 2012-13, \$79.5 million was spent in Alberta as a result of film and television productions supported by the Alberta Multimedia Development Fund. The result was \$19.5 million more than the 2012-13 target of \$60 million and \$4 million higher than last year's result.

Analysis

In early 2012-13, the funding application for Hell on Wheels Season Two was received which resulted in an increase of about \$20 million in the Alberta spend. The economic climate and the value of the Canadian dollar are key factors that influence results and Alberta's attractiveness to production companies. Financial incentives implemented by British Columbia, Ontario, Quebec and several American states also affect Alberta's competitiveness.

In 2012-13, 66 screen-based projects were supported through the fund. Some of the notable productions include Hell on Wheels Season One, Hell on Wheels Season Two and The Bourne Legacy. In total, Hell on Wheels received grants for approximately \$11.7 million contributing nearly \$37 million to the Alberta spend. The Bourne Legacy received a grant for nearly \$1.5 million contributing over \$5 million to the Alberta spend. These three projects accounted for more than half of the dollars spent in Alberta supported through the fund.

DID YOU KNOW?

The Academy of Canadian Cinema and Television's new Canadian Screen Awards recognize excellence in film, television and digital media productions. Their announcement of nominees in January 2013, included 25 Albertans and Alberta projects.

Goal Two Linked to Core Business three – support Alberta's nonprofit/voluntary sector to develop inclusive and engaged communities

Alberta, with the support of a strong nonprofit/voluntary sector, has resilient, inclusive and engaged communities

Overview

Culture provides support to this goal through capacity building initiatives within Alberta's communities and the nonprofit/voluntary sector. This includes working in collaboration with the sector and offering awareness, recognition, leadership and training. The ministry provides facilitation and consultation services, as well as public participation and stakeholder consultation processes to the nonprofit/voluntary sector, community organizations, networks and government entities. To encourage and promote engaged and inclusive communities, the Alberta Nonprofit/Voluntary Sector Initiative enables work towards solutions for critical nonprofit/voluntary sector issues and to improve the services the sector provides to Albertans to promote healthy, active and sustainable communities. The ministry also provides financial support to Alberta's community organizations, nonprofit organizations and public-use facilities through a diverse range of programs and grants.

Results

While the implementation of an Alberta-wide action plan, focusing on enhancing engagement, inclusion and social cohesion, was a priority initiative this year, it was recognized that this plan needs to align with the Social Policy Framework which was finalized in late February 2013. Collaborative work on the action plan has been initiated with other ministries and will continue into 2013-14.

DID YOU KNOW?

In 2012-13, the ministry provided over 3,000 non-capital grants and almost 500 capital grants to support local Alberta community and global needs through its various grant programs, such as the Community Spirit Program, Community Initiatives Program, and the Community Facility Enhancement Program.

To continue to meet the needs of the nonprofit/voluntary sector, the ministry extended funding for the Volunteer Police Information Check Program beyond 2012-13. The program was first launched in April 2009 as a three-year pilot project offsetting the cost to nonprofit/voluntary agencies obtaining police checks for volunteers working with vulnerable clients. Volunteer Alberta administers the program on behalf of the ministry, ensuring efficient distribution of funds to organizations across the province. In 2012-13, 24,428 checks were made

through the program, providing a cost savings to eligible nonprofit organizations of over \$366,000.

The Reflections on Leadership project was completed and released on the ministry website at www.culture.alberta.ca. The project is a series of 15 compelling narratives that speak to the vibrancy of the nonprofit/voluntary sector in Alberta and provides insights on leadership, collaboration and capacity building. The aim of this project was to put a human face on the individuals who are transforming Alberta through their personal commitments to, and investments in, their communities. The process involved taking

their portraits and recording their stories as they reflected on their experiences of building community.

Vitalize is the Government of Alberta's premiere annual training and development conference for nonprofit/voluntary sector organizations. This year participants enjoyed a number of educational sessions, inspirational keynote speakers, entertainment and excellent networking opportunities. A facilitated session was held with ministry representatives and stakeholders to discuss ways to improve Vitalize and ensure it is still meeting the needs of the sector. Over 430 questionnaires were completed by delegates to assist in this review. Survey respondents reported high satisfaction with the conference (92.9 per cent) and provided feedback to consider in planning for future conferences.

The fifth annual Alberta Culture Days took place September 28-30, 2012. The ministry provided \$375,000 in funding to 64 community organizations to assist with event planning and coordination at key celebration sites. Each organization receiving support partnered with others in their community to present free, family-friendly events and cultural activities throughout the Culture Days weekend. The three-day weekend event is part of the Canada-wide Culture Days movement that raises the awareness, accessibility, participation and engagement of all Albertans in the cultural life of their communities.

On June 26 and 27, 2012, the minister welcomed federal, provincial and territorial counterparts to Edmonton for the 17th Ministerial Conference on the Canadian Francophonie, organized by the ministry, through the Francophone Secretariat. This conference brings together Canadian ministers responsible for Francophone and Acadian communities to share best practices on promoting intergovernmental cooperation and developing and delivering government services in French. Nearly 60 delegates joined the ministers for discussions on French language services, francophone immigration and francophone economic development. The conference was an opportunity to showcase Alberta's vibrant Francophonie and La Cité francophone, a stand-alone multi-purpose francophone community cultural centre, the only facility of its kind in Canada. The minister also highlighted the Francophone Archives Project by the

DID YOU KNOW?

Six of Alberta's most dedicated volunteers were honoured at the annual Stars of Alberta Volunteer Awards on International Volunteer Day, December 5, 2012. The awards recognize extraordinary Albertans whose volunteer efforts have contributed to the well-being of their community. This year's program set a record with 180 nominations received, the most since the program was initiated in 2000. At the same ceremony, four Albertans were presented with a Queen's Diamond Jubilee Medal for nonprofit sector leadership.

DID YOU KNOW?

Vitalize 2012 offered over 50 training sessions on topics from fundraising to board development, computer management to reading financial statements, stress management to volunteer management and many more. This year, 575 delegates attended the conference representing 498 organizations from 110 communities. At Vitalize 2012, the Youth Mentor Program was delivered with 57 youth and 28 adult mentors attending.

DID YOU KNOW?

In 2012-13 as part of Alberta Culture Days, thousands of Albertans discovered, experienced and celebrated our artistic sector, heritage, cultural diversity and provincial pride through 1,235 events in 81 communities.

Provincial Archives of Alberta aimed at preserving and promoting Franco-Albertan heritage.

The ministry, through the Francophone Secretariat, coordinated the Government of Alberta's participation at the October 12-13, 2012, Foire sur les services en français, an annual trade fair on French language services that attracted more than 300 delegates. Information was offered in French on government services including the Francophone Secretariat, ministry grant programs, the Royal Alberta Museum, the Provincial Archives of Alberta and public libraries. In addition, approximately 100 delegates took in formal presentations on ministry grant programs, the Francophone Archives Project and a presentation by the Ministry of Education on curriculum development. Fifteen delegates also participated in a French-language tour of the Legislature Building.

The ministry began negotiations with Canadian Heritage for the renewal of the five-year Canada-Alberta Agreement on French-Language Services. The agreement provides funding to community and government organizations for the delivery of services in French. According to the 2011 Census, there are 238,770 bilingual Albertans, an increase of 34 per cent since 1996, and 81,085 Albertans that are francophone, an increase of more than 39 per cent since 1996. Outside of Quebec, Alberta has the third largest francophone population after Ontario and New Brunswick. In 2012-13, a total of \$650,000 in funding was provided through the Francophone Secretariat under this agreement to 35 groups across Alberta. Key achievements include continued settlement and integration services for French-speaking newcomers in Edmonton, Calgary and Fort McMurray, continued health outreach activities at the Saint Thomas Community Health Centre in Edmonton and the establishment of a Francophone Historical Society.

DID YOU KNOW?

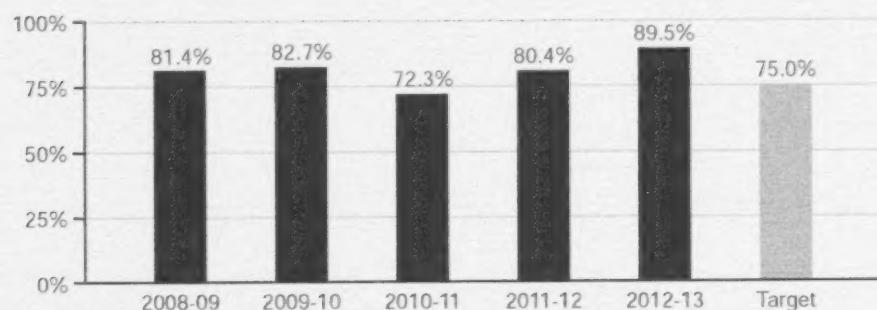
Edmonton is home to La Cité francophone, a 104,100 square foot, stand-alone, multi-purpose francophone community cultural centre. A hub for all francophones in central and northern Alberta, the Cité hosts approximately 40 francophone organizations and more than 20,000 visitors annually.

DID YOU KNOW?

Published in 2012, *Documenter l'Alberta francophone / Documenting Francophone Alberta* is a bilingual book that chronicles 45 years of Francophone records collection at the Provincial Archives of Alberta and salutes the facility's ongoing commitment to acquire the records of Alberta's francophone community.

Performance Measures

2.a Percentage of adult Albertans who volunteered in their community



Source: Survey of Albertans on Culture

Description

This measure indicates the level of community volunteerism by adult Albertans in the past 12 months. Volunteering is an unpaid contribution of time, energy and/or talents to charitable or nonprofit organizations, causes, community development activities, or help through personal initiative to individuals.

Results

The result of 89.5 per cent is 9.1 per cent higher than the 2011-12 result and 14.5 per cent higher than the target. The biggest increase in volunteering was with informal volunteering that rose to an all-time high of 78.2 per cent, an increase of 10.9 per cent from 2011-12.

Analysis

While the biggest increase in volunteering was with informal volunteering, increases in formal volunteering were also seen in the areas of sport (5.0 per cent), recreation (2.3 per cent) and youth development (2.4 per cent). Volunteering in human services (e.g., for a food bank, seniors' centre or an international aid organization) remains the main area in which Albertans formally volunteer.

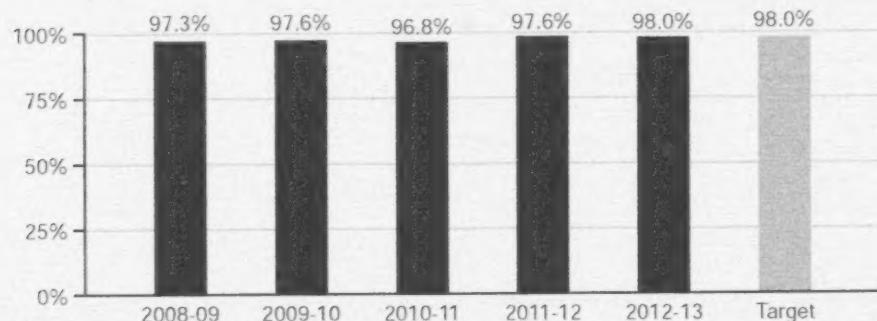
The Alberta volunteerism rate is influenced by Alberta's economy, job market, the amount of free time Albertans have to volunteer and their health. Albertans who have not volunteered indicated that their primary barriers include lack of time (49.5 per cent) or disability/health problems (26.7 per cent).

The ministry demonstrated the importance of the nonprofit/voluntary sector in Alberta through \$65,000 provided to 150 communities to organize events and activities during National Volunteer Week to conduct recognition activities. The ministry also provided training and skill development opportunities to Albertans through the Vitalize Conference and recognized outstanding volunteers through the Stars of Alberta awards.

DID YOU KNOW?

Ninety-three Board Development Program workshops were presented during the fiscal year with the goal of ensuring boards of nonprofit/voluntary sector organizations adopt board governance best practices.

2.b Percentage of customers satisfied with capacity building facilitation services and workshops



Source: Client Satisfaction Survey: Customer Service Information System

Description

This measure indicates the percentage of clients who were satisfied overall with capacity building facilitation services and workshops provided by the ministry. These services encompass a broad range of activities including planning, knowledge and skill transfer, and facilitation and/or consultation regarding a variety of topics from organization development to public stakeholder consultations.

Results

In 2012-13, 98.0 per cent of clients were satisfied with the ministry's capacity building facilitation services and workshops, meeting the target.

Analysis

The results may be affected by a steady and high demand for facilitation and public participation services and training workshops, which help community organizations and government to address issues and to develop organizational and board capacity. The ministry's focus on customizing these services and workshops to meet the needs of the client likely had a positive influence on results. Another contributing factor is that these services and workshops are highly accessible to organizations anywhere in Alberta. The ministry provided a broad range of capacity building facilitation services and workshops to rural and urban nonprofit/voluntary sector organizations and government organizations. Over 800 projects were supported with approximately 600 of those completed in 2012-13.

DID YOU KNOW?

In 2012-13, the Community Development Unit worked with approximately 270 organizations to help them develop more effective plans for the future. As well, over 130 training workshops were provided to nearly 1,700 participants. The organizations received help on topics such as board governance, fundraising/proposal writing and strategic planning.

Goal Three Linked to Core Business four – preserve Alberta's historic resources and make them accessible

Alberta's rich heritage is valued, and historical resources are preserved and accessible to Albertans, Canadians and international audiences

Overview

Culture supports this goal by operating and promoting a network of provincial heritage facilities that comprises five major museums, 14 historic sites and interpretive centres, and the Provincial Archives of Alberta. Its responsibilities include managing an irreplaceable legacy of millions of historic and scientific objects, specimens and records. Curriculum-based and general interest programs, exhibits, events and activities provide learning opportunities for children, students and adults. The ministry administers the *Historical Resources Act*, which empowers the province and municipalities to protect highly significant historic places through special designation. The act also enables the ministry to manage undesignated sites through a variety of conservation measures. As of March 31, 2013, there were 585 designated Provincial Historic Resources and Municipal Historic Resources throughout Alberta. The ministry regulates land-based development activities to preserve significant historic resources and ensure that industry adopts appropriate heritage management practices. The Alberta Historical Resources Foundation provides advice and funding assistance for historical preservation and presentation.

Results

The ministry continued to collaborate with the Ministry of Infrastructure on the new Royal Alberta Museum project. Work was undertaken to confirm interior layouts of each of the museum's spaces, from classrooms, collection rooms and galleries to mechanical support spaces and research labs. The new museum will showcase the best of the province's history and will have double the space of the existing facility to better exhibit the museum's human and natural history artefacts. The ministry also worked with the Ministry of Infrastructure in the competitive selection of an exhibition design firm to lead the gallery development process. The design builder started selective demolition of the existing post office building and removal of key heritage features to be preserved and used within the new museum. In addition to these heritage features, such as mosaic murals, terrazzo flooring and Tyndall limestone panels, the new museum will retain artworks now found within, outside and on the grounds of the current Royal Alberta Museum.

DID YOU KNOW?

With over 110,000 students participating in approximately 4,000 heritage programs in 2012-13, the ministry is the largest provider of kindergarten to grade 12 education programs outside the school system.

The ministry worked to promote and assist with the protection, designation and preservation of historical places. On September 2, 2012, the Alberta Legislature Building held its centennial celebrations. During the celebrations, it was announced that the Legislature Building and portions of the south grounds had been designated a provincial historic resource. In January 2013, Government House kicked off a year-long

celebration of its centennial by being granted the designation of national historic site. This former residence of Alberta lieutenant governors features a selection of original historical furnishings and an art collection

showcasing Alberta and Canadian artists. Additionally, on July 25, 2012, Head-Smashed-In Buffalo Jump Interpretive Centre celebrated its 25th anniversary with First Nations drumming, dancing and storytelling and the unveiling of a commemorative plaque celebrating its 40th anniversary as a UNESCO World Heritage Site.

In 2012-13, several projects were underway to engage Albertans in learning about their energy resource heritage. Research, photos and new video elements have been added to the Energy Heritage Resources website. The website will help Albertans understand the role of energy resources in Alberta's history and interpret the Turner Valley Gas Plant Provincial and National Historic Site. Also, to further improve that historic site, a business case for a laboratory and office building was approved and the Ministry of Infrastructure approved capital maintenance funding. An architect has been retained and renovation plans are in place. The building is expected to be completed by the end of 2013-14.

To increase the sustainability of the heritage sector in rural Alberta, accredited Alberta Main Street Program communities are using the program's project-based grants to leverage local funding. These projects include economic development and marketing activities in Olds and new heritage awareness plaque programs in Wainwright and Lethbridge.

The Provincial Archives of Alberta hosted the Archives Society of Alberta's annual Archives Institute from April 30 to May 5, 2012, to further develop archival programs and expand the capacity of local museums. The institute provides an intensive educational experience that covers the fundamentals of archival science and offers professional development information. Additionally, ministry staff provided advice on best practices to participants attending the Alberta Museums Association Conference trade show in Red Deer, and people from Hinton, Grande Prairie, Strathcona County, Stony Plain, Medicine Hat and Wetaskiwin who attended workshops.

DID YOU KNOW?

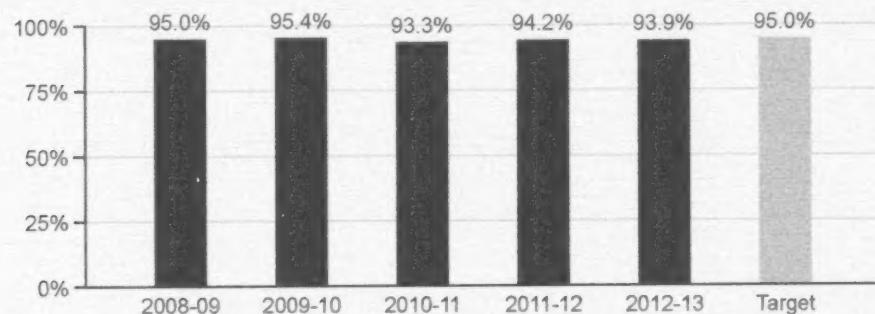
As one of the world's oldest, largest and best-preserved buffalo jump sites, Head-Smashed-In Buffalo Jump has been visited by over 2.25 million people from around the world since it opened.

DID YOU KNOW?

In 2012-13, the Ukrainian Cultural Heritage Village donated a total of 454 pounds (206 kilograms) of fresh potatoes, beets, carrots, onions and pumpkins to the Edmonton Food Bank's "Plant a Row, Grow a Row" program. Each year, vegetables grown at the village are incorporated into daily interpretive programming for the public, are frozen and canned for future use and are sold at farmers' markets.

Performance Measures

3.a Percentage of adult Albertans who feel that historical resources in Alberta communities are important in contributing to the overall quality of life in Alberta



Source: Survey of Albertans on Culture

Description

This measure indicates the percentage of adult Albertans who feel that historical resources in Alberta communities are important in contributing to the overall quality of life in Alberta. The examples used for historical resources are museums, archives, historic sites and interpretive centres.

Results

The result of 93.9 per cent was 1.1 per cent lower than the 2012-13 target of 95.0 per cent and 0.3 per cent lower than last year's result, but remains exceptionally high.

Analysis

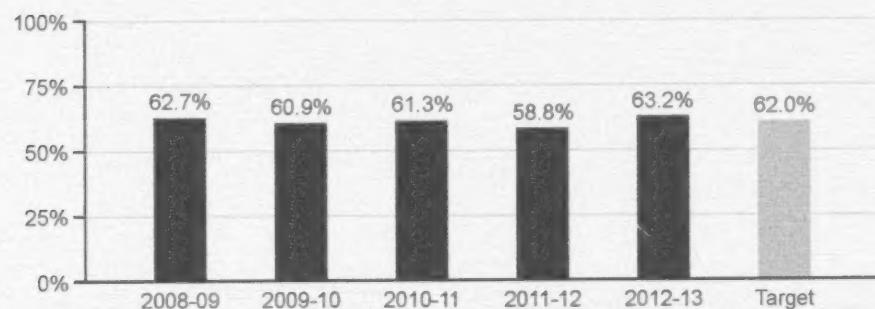
When asked about the potential benefits of Alberta's historical resources and heritage facilities, 97.9 per cent of Albertans responded that the opportunity for education and lifelong learning experiences was important to them overall and of those, 80.4 per cent responded that it was very important. Albertans also felt that heritage was important in providing recreational opportunities (96.5 per cent) and for visitor spending in local communities (93.2 per cent). Overall, 97.0 per cent believed that preserving heritage resources was important to them.

The ministry continued to raise awareness of Alberta's historic resources by offering free admission and activities at Alberta provincial museums and historic sites during Family Day, Alberta Culture Days and Seniors' Week. Education programs and online access to museums and historical sites could also contribute to results.

DID YOU KNOW?

On June 9 and 10, the Reynolds-Alberta Museum hosted History Road: the Ultimate Car Show, showcasing Alberta's automotive history with more than 500 cars, trucks and motorcycles.

3.b Percentage of adult Albertans who visited a heritage facility in Alberta



Source: Survey of Albertans on Culture

Description

This measure provides an indication of how many Albertans visited a heritage facility in Alberta in the past year. The heritage facilities included in this measure are not limited to those operated by the ministry.

Results

The result of 63.2 per cent was 1.2 per cent higher than the 2012-13 target of 62.0 per cent and 4.4 per cent higher than the 2011-12 result.

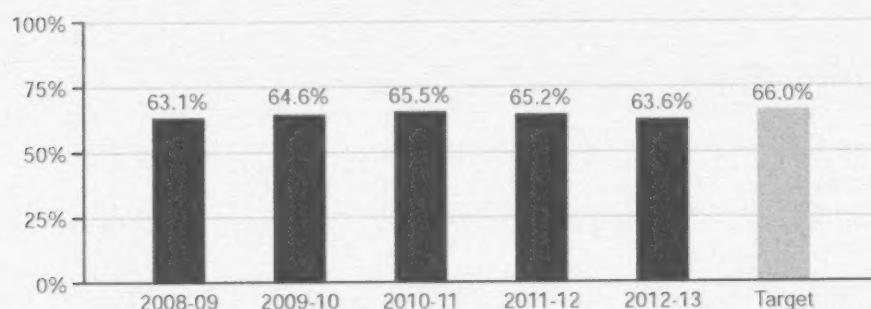
Analysis

When asked about the reasons for their visit, 39.1 per cent of Albertans responded it was out of curiosity and pleasure, 24.7 per cent for educational purposes, 23.7 per cent indicated they had a special interest in history and 27.1 per cent indicated it provided a good family activity and an opportunity to show their children Alberta's heritage.

Albertans' visitation to heritage facilities is influenced by many factors, including the types of events and condition of exhibits, other available entertainment or educational opportunities and economic conditions that impact discretionary spending. In 2012-13, more than 835,000 people visited provincially operated heritage facilities, indicating their importance to Albertans. Creative advertising, social media, renewed exhibits, new programs and free admission during events such as Family Day, Seniors' Week and Alberta Culture Days contributed to the number of Albertans that visited a heritage facility. In addition, the Royal Alberta Museum offered a free lecture series sharing a behind-the-scenes glimpse into research called Questions and Collections III: Research at the Museum.

For example, as part of Family Day events in 2012-13, the Provincial Archives of Alberta hosted its annual Family History Day featuring behind-the-scenes tours and workshops on genealogy websites, as well as accessing vital statistics and probate records to trace family history. The Oil Sands Discovery Centre in Fort McMurray hosted family fun with puppet shows, experiments, crafts, and snowshoeing. The Royal Alberta Museum and the Royal Tyrrell Museum of Palaeontology featured programming including dinosaur focused arts and craft projects and free auditorium shows.

3.c Percentage of adult Albertans who agree that overall historical resources are being adequately protected and preserved in Alberta communities



Source: Survey of Albertans on Culture

Description

This measure assesses how well Albertans perceive the province's historical resources are being preserved and protected in Alberta. Albertans were asked to think about the government's role as the steward and custodian of historical resources, particularly with respect to historical buildings and archaeological and fossil resources.

Results

The result of 63.6 per cent was 2.4 per cent less than the 2012-13 target of 66.0 per cent, but remains consistent with previous years' results.

Analysis

When asked about the potential benefits of Alberta's historical resources and heritage facilities, 97.0 per cent of Albertans indicated that the preservation of historical resources was important to them. The preservation and protection activities carried out by the ministry contributed to a positive impact on public perception. For example, in 2012-13 there were nine new provincial historic resource designations in the province and Government House began celebrating its centennial. The ancestral home of Alberta's former premier, Ed Stelmach, was moved to the Ukrainian Cultural Heritage Village as part of the recognition of the 120th anniversary of Ukrainian settlement in Alberta. Fort Calgary, which is a recognized museum with the Alberta Museums Association received joint funding of \$8 million from the federal and provincial governments for significant restoration and expansion.

DID YOU KNOW?

Researchers from the Royal Tyrrell Museum of Palaeontology and the University of Calgary discovered fossil evidence of the first feathered dinosaurs from North America in the Alberta badlands. The discovery was the first to establish the existence of feathers in ornithomimids (Greek for "bird-mimic lizards").

DID YOU KNOW?

In May 2012, a newly named species of 75-million-year-old marine reptile was unveiled at the Royal Tyrrell Museum of Palaeontology. The elasmosaurus was Alberta's last sea dragon and is noted for its very long neck. The specimen on display has 76 neck vertebrae, the most of any animal ever discovered.

Financial Summary

Revenue Highlights (millions of dollars)

| | 2012-13 Budget | 2012-13 Actual | 2011-12 Actual (restated)* |
|---|-------------------|-------------------|----------------------------------|
| Internal Government Transfers | \$0.1 | \$0.1 | \$0.1 |
| Transfers from the Government of Canada | \$0.7 | \$1.2 | \$17.7 |
| Investment Income | \$1.6 | \$0.5 | \$0.4 |
| Premiums, Fees and Licences | \$5.0 | \$4.8 | \$4.7 |
| Other Revenue | \$14.8 | \$16.0 | \$16.7 |
| Total Revenue | <u>\$22.2</u> | <u>\$22.6</u> | <u>\$39.6</u> |

* Please see details in the ministry's Consolidated Financial Statements.

Revenues decreased \$17 million from the prior year and totalled \$22.6 million in 2012-13.

Internal Government Transfers from the Alberta Heritage Scholarship Fund in the amount of \$0.1 million were funding for the Queen's Golden Jubilee Programs.

Transfers from the Government of Canada included \$0.7 million for the Francophone Secretariat and \$0.5 million for a Spruce Grove Tri-Village Commons Gymnastic facility funded from the Canada Building Fund. The reduction from the prior year was due to completion of \$9.9 million in funding commitments from the Government of Canada's Infrastructure Stimulus Fund for the Canada Sports Hall of Fame, GO Community Centre and Citadel Theatre. In addition, \$7.1 million in Canada-Alberta Provincial Territorial Base Funding received in the prior year completed funding commitments for Fort Calgary and the Ukrainian Canadian Archives and Museum.

Investment income in the ministry's funds and agencies amounted to \$0.5 million, up slightly from 2011-12.

Premiums, fees and licences include film classification fees and admission fees to heritage sites amounted to \$4.8 million in 2012-13, a slight increase to the prior year.

Other Revenue totalled \$16 million, a decrease of \$0.7 million from the previous year. Other revenue includes donations, sales, rental revenues from the Northern and Southern Alberta Jubilee Auditoria, refunds of expenses, in-kind contributions and other miscellaneous revenues. Lower revenues from the previous year included a decrease of \$1.9 million refunds of expenditures due to a lower return of unused grants offset by an increase in contributions in-kind of \$1.4 million due to higher donation activity and a \$0.2 million decrease in sales and other revenue.

Expense Highlights (millions of dollars)

| | 2012-13 Budget | 2012-13 Actual | 2011-12 Actual (restated)* |
|--|-------------------|-------------------|----------------------------------|
| Cultural Industries | \$58.0 | \$61.8 | \$53.5 |
| Community and Voluntary Support Services | \$95.0 | \$95.3 | \$100.8 |
| Heritage | \$52.2 | \$54.8 | \$48.7 |
| Support for Cultural Infrastructure | \$15.5 | \$26.6 | \$27.1 |
| Francophone Secretariat | \$1.3 | \$1.3 | \$1.2 |
| Ministry Support Services | \$10.3 | \$9.2 | \$8.0 |
| Total Expenses | \$232.3 | \$240.1 | \$239.3 |

* Please see details in the ministry's Consolidated Financial Statements.

Expenses increased by \$9.5 million from the prior year and totalled \$249 million.

Funding of \$61.8 million in total spending for cultural industries, including \$25.3 million for the Alberta Multimedia Development Fund, over \$0.8 million for the Alberta Film Commission, \$27.2 million for the Alberta Foundation for the Arts and \$5.4 million for the Northern and Southern Alberta Jubilee Auditoria supported from operating revenues generated by these two facilities.

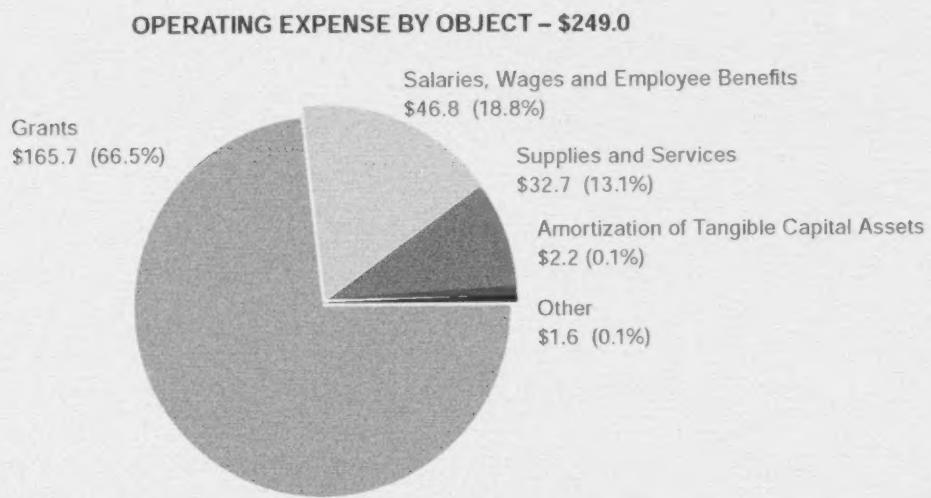
Over 38 per cent or \$95.3 million of total spending was used in support of the nonprofit/voluntary sector through various community grants and voluntary services programs, including: \$43.4 million for the Community Facility Enhancement Program to build, purchase, repair and improve community-use facilities; \$21.5 million for Community Initiatives Program to support community project-based initiatives, to provide operating grants to community organizations and to support international development projects; \$15.5 million for the Community Spirit Program Donation Grant to assist nonprofit and charitable organizations in their operations, programs or capital projects; and \$3.2 million was used in support of other projects. In addition, over 10 per cent or approximately \$26.6 million of total spending was provided towards one time capital projects including provincial funding of \$19 million for the National Music Centre, \$3.3 million to support the City of Lethbridge Crossings Ice Complex, \$3.3 million to support the City of Medicine Hat Family Leisure Centre and \$1 million in federal and provincial shared funding to support a gymnastics facility in Spruce Grove.

Funding of \$54.8 million was utilized to support Alberta's network of historic sites and museums, including the Royal Alberta Museum and Royal Tyrrell Museum of Palaeontology. This funding also supported heritage preservation and conservation programs, including \$9 million provided through the Alberta Historical Resources Foundation.

Funding of \$1.3 million was provided to support the planning and delivery of quality French-language services and initiatives to support francophone communities.

The remaining \$9.2 million, or 3.6 per cent of total expenses, was used to address general support and other services to manage overall ministry operations.

Ministry Operating Expense by Object (millions of dollars)



The ministry's greatest operating expense was grants, where 66.5 per cent of the budget is directed. In 2012-13, approximately \$165.7 million was provided to support individuals, organizations and communities. Expenditures for salaries, wages and employee benefits totalled \$46.8 million and were primarily to manage heritage facilities, support community groups and administer grant programs. The remainder of the ministry's expenses were for supplies and services (\$32.7 million), amortization of capital assets (\$2.2 million) and other expenses (\$1.6 million) which are higher than the prior year primarily due to an increase in the valuation adjustment provision for environmental liabilities.

Ministry Expense by Function (millions of dollars)

| | 2012-13 Budget | 2012-13 Actual | 2011-12 Actual (restated)* |
|---|-------------------|-------------------|----------------------------------|
| Agriculture, Resource Management and Economic Development | \$20.3 | \$26.2 | \$18.2 |
| Recreation and Culture | \$212.0 | \$222.8 | \$221.1 |
| Total Expense by Function | \$232.3 | \$249.0 | \$239.3 |

* Please see details in the ministry's Consolidated Financial Statements.

Expense by function identifies the principal purpose for which an expense is incurred rather than the activity involved. The basis of reporting is used for inter-provincial comparisons and for determining federal funding eligibility.

The function Agriculture, Resource Management and Economic Development includes expenses related to the development and promotion of agriculture and other sectors of the economy, such as cultural industries. The function Recreation and Culture includes expenses incurred in the delivery of programs and services to promote leisure activities.

Financial Information

INDEX OF FINANCIAL STATEMENTS

| | |
|---|-----|
| Ministry of Culture | 33 |
| Department of Culture | 59 |
| Alberta Foundation for the Arts | 89 |
| The Alberta Historical Resources Foundation | 105 |
| The Government House Foundation | 121 |
| Historic Resources Fund | 135 |
| The Wild Rose Foundation | 153 |

Ministry of Culture

Consolidated Financial Statements

March 31, 2013

**Ministry of Culture
Consolidated Financial Statements
March 31, 2013**

Independent Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Revenues

Schedule 2 – Credit or Recovery Initiatives

Schedule 3 – Expenses – Directly Incurred Detailed by Object

Schedule 4 – Budget

Schedule 5 – Related Party Transactions

Schedule 6 – Allocated Costs

Schedule 7 – Tangible Capital Assets



Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Culture, which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Culture as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2013

Edmonton, Alberta

Ministry of Culture
Consolidated Statement of Operations
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|--|------------------------|---------------------|--------------------------------|--|
| | Budget (Schedule 4) | Actual | Actual Restated (Note 3) | |
| Revenues (Schedule 1) | | | | |
| Government Transfers | | | | |
| Government of Alberta Grants | \$ 80 | \$ 59 | \$ 60 | |
| Federal Government Grants | 733 | 1,193 | 17,738 | |
| Investment Income | 1,590 | 458 | 464 | |
| Premiums, Fees and Licences | 4,993 | 4,780 | 4,704 | |
| Other Revenue | <u>14,801</u> | <u>16,071</u> | <u>16,650</u> | |
| | <u>22,197</u> | <u>22,561</u> | <u>39,616</u> | |
| Expenses – Directly Incurred | | | | |
| (Note 2(c) and Schedules 3 and 6) | | | | |
| Cultural Industries | 57,999 | 61,844 | 53,510 | |
| Community and Voluntary Support Services | 94,958 | 95,341 | 100,820 | |
| Heritage | 52,202 | 54,760 | 48,739 | |
| Support for Cultural Infrastructure | 15,500 | 26,600 | 27,088 | |
| Francophone Secretariat | 1,311 | 1,259 | 1,190 | |
| Ministry Support Services | <u>10,374</u> | <u>9,232</u> | <u>7,965</u> | |
| | <u>232,344</u> | <u>249,036</u> | <u>239,312</u> | |
| Net Operating Results | \$ (210,147) | \$ (226,475) | \$ (199,696) | |

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Culture
Consolidated Statement of Financial Position
As at March 31, 2013
(in thousands)

| | 2013 | 2012 |
|--|------------------|-----------------------|
| | | Restated (Note 3) |
| Assets | | |
| Cash (Note 4) | \$ 27,234 | \$ 28,787 |
| Accounts Receivable, Prepaid Expenses and Inventories (Note 5) | 1,832 | 5,648 |
| Tangible Capital Assets (Schedule 7) | <u>17,719</u> | <u>16,334</u> |
| | <u>\$ 46,785</u> | <u>\$ 50,769</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 65,106 | \$ 75,433 |
| Deferred Revenue | 477 | 350 |
| Deferred Contributions | <u>649</u> | <u>679</u> |
| | <u>66,232</u> | <u>76,462</u> |
| Net Assets (Liabilities) | | |
| Net Assets (Liabilities) at Beginning of Year | (25,693) | (24,340) |
| Net Operating Results | (226,475) | (199,696) |
| Net Financing Provided from General Revenues | <u>232,721</u> | <u>198,343</u> |
| Net Assets (Liabilities) at End of Year | <u>(19,447)</u> | <u>(25,693)</u> |
| | <u>\$ 46,785</u> | <u>\$ 50,769</u> |

Contractual obligations and contingent liabilities (Notes 8 and 9)

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Culture
Consolidated Statement of Cash Flows
Year ended March 31, 2013
(in thousands)

| | 2013 | 2012 Restated (Note 3) |
|--|------------------|------------------------------|
| Operating Transactions | | |
| Net Operating Results | \$ (226,475) | \$ (199,696) |
| Non-cash Items Included in Net Operating Results | | |
| Amortization | 2,230 | 2,374 |
| Loss on Disposal of Tangible Capital Assets | 24 | 162 |
| | <hr/> | <hr/> |
| | (224,221) | (197,160) |
| Decrease in Accounts Receivable, Prepaid Expenses and Inventories | | |
| | 3,816 | 5,897 |
| (Decrease) in Accounts Payable and Accrued Liabilities | <hr/> | <hr/> |
| | (10,327) | (1,207) |
| Increase (Decrease) in Deferred Revenue | 127 | (22) |
| (Decrease) Increase in Deferred Contributions | <hr/> | <hr/> |
| | (30) | 55 |
| | <hr/> | <hr/> |
| Cash (Applied to) Operating Transactions | (230,635) | (192,437) |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets (Schedule 7) | (2,484) | (2,067) |
| Proceeds on Disposal of Tangible Capital Assets | - | 3 |
| Transfers of Tangible Capital Assets (from) to Others (Schedule 7) | <hr/> | <hr/> |
| | (1,155) | 181 |
| | <hr/> | <hr/> |
| Cash (Applied to) Capital Transactions | (3,639) | (1,883) |
| Financing Transactions | | |
| Net Financing Provided from General Revenues | 232,721 | 198,343 |
| Transfer from Cash Appropriated for Non-Current use | <hr/> | <hr/> |
| | - | 7,017 |
| | <hr/> | <hr/> |
| (Decrease) Increase in Cash | (1,553) | 11,040 |
| Cash at Beginning of Year | 28,787 | 17,747 |
| Cash at End of Year | <hr/> | <hr/> |
| | \$ 27,234 | \$ 28,787 |

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 1 Authority and Purpose

The Minister of Culture has, by the *Government Organization Act* and its regulations, been designated responsible for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Culture (the Ministry).

The purpose of the Ministry is to support and strengthen vibrant, inclusive communities and ensure there are opportunities to share, express and experience culture in Alberta. This is done by:

- Promoting the economic and social value of culture to Albertans;
- Supporting the growth, participation in and appreciation of the arts in Alberta;
- Supporting Alberta's nonprofit/voluntary sector to develop inclusive and engaged communities; and
- Preserving Alberta's historical resources and making them accessible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Culture. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organizations for which the Minister is responsible.

These consolidated financial statements include the accounts of the following organizations:

| <u>Organization</u> | <u>Authority</u> |
|---|--|
| Department of Culture | <i>Government Organization Act</i> |
| Alberta Foundation for the Arts | <i>Alberta Foundation for the Arts Act</i> |
| The Alberta Historical Resources Foundation | <i>Historical Resources Act</i> |
| The Government House Foundation | <i>Government House Act</i> |
| Historic Resources Fund | <i>Historical Resources Act</i> |
| The Wild Rose Foundation | <i>Wild Rose Foundation Act</i> |

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the organizations listed in Note 2(a) above have been consolidated. Revenue and expense transactions, investing, capital and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers and are recorded as revenue when the Ministry is eligible to receive the funds.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Ministry's actions and communications as to the use of the transfer, create a liability.

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs, which are the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, banked overtime and environmental obligations.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are not recognized and are disclosed in Schedule 5 and allocated to programs in Schedule 6.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Inventory for resale is valued at the lower of cost or net realizable value. Cost is determined on the first in first out basis.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution. Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Collections of historic and scientific artifacts, archival holdings and works of art held by the Ministry are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental obligations are recorded as liabilities when there is little or no discretion to avoid settlement of the obligation and a reasonable estimate of the amount can be made.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Net Assets (Liabilities)

Net Assets (Liabilities) represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian Public Sector Accounting Standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Environmental obligations are included in accounts payable and accrued liabilities in the amount of \$8,055 (2012 – \$7,289) for Heritage, based on management’s best estimates that reflect the environmental information known at the time. Further environmental assessments, changes in environmental legislation or other unanticipated changes may affect these estimates.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 3 Government Reorganization
(in thousands)

The Ministry of Culture was established as a result of restructuring of government ministries announced on May 8, 2012 and other transfer of responsibilities from other ministries. Comparatives for 2012 have been restated as if the Ministry had always been assigned with its current responsibilities.

Net assets (liabilities) on March 31, 2011 are made up as follows:

| | |
|--|---------------------------|
| Net assets (liabilities) as previously reported for the Ministry of Culture and Community Services | \$ (25,391) |
| Transfer from the Ministry of Intergovernmental and International Relations | <u>1,051</u> |
| Net assets (liabilities) at March 31, 2011 | <u>\$ (24,340)</u> |

Note 4 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2013, securities held by CCITF have a time-weighted return of 1.3% (2012 – 1.3%) per annum.

Due to the short-term nature of these amounts, the carrying value approximates fair value.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 5 Accounts Receivable, Prepaid Expenses and Inventories
(in thousands)

| | 2013 | | | 2012 | | |
|------------------------|-----------------|---------------------------------|----------------------|-----------------|--|--|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | | Net Realizable Value Restated (Note 3) | |
| | | | \$ | \$ | | |
| Accounts Receivable | \$ 1,057 | \$ 21 | \$ 1,036 | \$ 4,637 | | |
| Inventory for Resale | 637 | - | 637 | 640 | | |
| Prepaid Expenses | 73 | - | 73 | 47 | | |
| Refunds from Suppliers | 86 | - | 86 | 324 | | |
| | \$ 1,853 | \$ 21 | \$ 1,832 | \$ 5,648 | | |

Accounts receivable are unsecured and non-interest bearing.

Note 6 Collections

Collections consist of cultural and scientific artifacts, archival holdings and works of art of provincial, national and international significance that are located in government owned museums and historic sites and the Provincial Archives. The Ministry has not recorded the value of these collections in the financial statements due to the practical difficulties of reflecting them at a meaningful value. Significant artifacts, specimens and records are insured. A description of the collections is as follows:

- (a) The Historic Sites and Museums Branch preserves, operates and presents Alberta's history through three museums, three interpretive centres and nine historic sites that contain 51 restored historical buildings/structures and three stabilized ruins. It also administers three additional historic sites containing 58 undeveloped historical buildings/structures and 10 newly acquired and partially restored buildings. In addition, the Branch is responsible for one developed historic site (leased to a society), 13 cairns, four archaeological sites and one palaeontological site. The Ministry owns 1,904 hectares of land deemed to be of historical significance.
- (b) The collections of the Royal Alberta Museum represent Alberta's highly diverse cultural and natural heritage. They include 1,686,000 natural history specimens, 143,000 ethnological and historical artifacts, and millions of archaeological objects spanning 10,000 years of Alberta history. The collections include mammals, birds, fish, insects, plants, minerals, gems, First Nations ethnographical material, military and cultural history artifacts, coins, as well as industrial, domestic and textile collections, and the archaeological materials recovered in Alberta, through historic resource impact assessments. All collections include associated documentation and in many cases images and other media.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 6 Collections (continued)

- (c) The Royal Alberta Museum also is responsible for managing approximately 77,000 artifacts for the Ministry's historic sites. Approximately 5,000 objects are used to furnish various smaller sites throughout the province and 8,000 objects furnish the historic buildings at the Ukrainian Cultural Heritage Village. The remaining artifacts are preserved in storage.
- (d) The Royal Tyrrell Museum collection consists of approximately 140,000 catalogued specimens that document the early history of life on earth. It includes fossils, geological samples, a comparative zoology collection and an extensive dinosaur mold and cast collection.
- (e) The Reynolds-Alberta Museum is responsible for approximately 6,500 agricultural, industrial and transportation artifacts. This includes 461 cars, trucks and motorcycles; 362 tractors and engines; 395 agricultural machines and 467 industrial artifacts. Also included are 100 vintage aircraft, the second largest collection in Canada. The museum houses over 850 linear metres of documents relating to its mechanization themes.
- (f) The Remington Carriage Museum houses one of the largest collections of horse-drawn vehicles in North America, with 333 carriages, buggies, wagons and sleighs, and approximately 760 associated small artifacts.
- (g) The Provincial Archives of Alberta holds approximately 40,000 linear metres of government textual records; 3,500 linear metres of private records; 105,000 maps, plans and drawings; 1,250,000 photographic images; 55,000 objects of audiovisual holdings such as film, video and audio recordings; and 14,000 volumes of library holdings.
- (h) The Arts Branch manages 14 collections containing approximately 2,000 donated, purchased and/or commissioned artworks.
- (i) The Glenbow Museum, under contract to the Province of Alberta, manages the care of and access to a publicly owned collection. This collection includes approximately 200,000 artifacts pertaining to cultural history, military history, ethnology, art and mineralogy, 3,700 linear metres of textual and archival records; over 2,100,000 historical photographs; 350 hours of film footage and 7,200 sound recordings.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 6 Collections (continued)

(j) The Government House Foundation actively collects significant items pertaining to the history of Government House. The collection is accessible to the public and consists of paintings, drawings, prints, sculptures, furnishings, books and silverware. The majority of the collection is used or displayed in Government House, while some items are on loan to other provincial institutions.

At March 31, 2013, the collection consisted of approximately 512 (2012 – 485) pieces of artworks and other items, with an approximate value of \$1,030,000 (2012 – \$1,023,000). During the year, the Foundation made one purchase of artifacts with a value of \$6,500 (2012 – \$2,786). Contributions to the collection included five (2012 – three) artifacts with an appraised value of \$415 (2012 – \$1,350) and there were no dispositions during the year (2012 – Nil).

(k) The Alberta Foundation for the Arts actively collects visual artworks, which document the Province's significant visual artistic achievement. The collection is accessible to the public and consists of paintings, sculptures, drawings, photographs, ceramics, glass, fibre and prints. At March 31, 2013, the collection consisted of approximately 8,454 (2012 – 8,393) pieces of artworks with an approximate value of \$13,016,582 (2012 – \$12,807,712). During the year, the Foundation purchased 45 (2012 - 71) artworks with a value of \$168,670 (2012 - \$544,109). Contributions to the collection included 17 (2012 – 27) artworks with an appraised value of \$ 40,850 (2012 – \$183,793). There was one artwork disposition during the year (2012 – one).

(l) The Alberta Historical Resources Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 376 (2012 – 376) artworks with an estimated value of \$16,060 (2012 – \$16,060) and 30 (2012 – 30) antique furnishings estimated at \$12,700 (2012 – \$12,700). During the year, the Foundation did not acquire any historical assets (2012- Nil). There were no dispositions during the year (2012 - Nil).

Note 7 Net Assets (liabilities)

(in thousands)

Net Assets (liabilities) includes the following internally restricted fund balances:

(a) \$616 (2012 - \$600) in the Historic Resources Fund restricted in use to acquire new provincial historical artifacts from the proceeds of the disposition of deaccessioned provincial collections displayed at the Glenbow-Alberta Institute.

(b) \$12,850 (2012 - \$11,567) in the Historic Resources Fund restricted in use for the payment of expenses related to the Jubilee Auditoria.

(c) \$25 (2012 - \$25) in the Alberta Historical Resources Foundation for the Bob Etherington Heritage Trades Scholarship and the Peter Goertzen Fund.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 8 Contractual Obligations

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of these contracts or agreements are met.

| | 2013 | 2012 |
|--|-----------|-----------|
| Programs - Grant Agreements | \$ 66,509 | \$ 55,389 |
| Contracts - Service and Operating Leases | 16,023 | 21,234 |
| Contracts - Capital Constructions | 4 | - |
| | <hr/> | <hr/> |
| | \$ 82,536 | \$ 76,623 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | Contracts - Service and Operating Leases | | | Contract - Capital Construction | | Total |
|------------|--|-----------|--|------------------------------------|-----------|--------|
| | Grants | | | | | |
| 2013-14 | \$ 49,054 | \$ 13,029 | | \$ 4 | \$ 62,087 | |
| 2014-15 | 16,983 | 1,697 | | - | | 18,680 |
| 2015-16 | 293 | 1,087 | | - | | 1,380 |
| 2016-17 | 143 | 206 | | - | | 349 |
| 2017-18 | 18 | 1 | | - | | 19 |
| Thereafter | 18 | 3 | | - | | 21 |
| | \$ 66,509 | \$ 16,023 | | \$ 4 | \$ 82,536 | |

Note 9 Contingent Liabilities (in thousands)

The Ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Ministry has been named in one (2012 – one) claims of which the outcome is not determinable. The claim has a specified amount totalling \$80 (2012 – \$80). This claim, if successful, is covered by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Certain contingent liabilities may exist for site remediation and reclamation in addition to the environment obligations recorded in the financial statements, which are described in Note 2(c). Due to uncertainty surrounding these circumstances it is not possible to determine the likelihood or amount of these contingent liabilities.

Ministry of Culture
Notes to the Consolidated Financial Statements
Year ended March 31, 2013

Note 10 Trust Fund Under Administration
(in thousands)

The Ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purpose of various trusts, it is not included in the Ministry's financial statements.

As at March 31, 2013, a trust fund under administration was as follows:

| | 2013 | 2012 |
|---|------|------|
| Fort Dunvegan Historical Society Trust Fund | \$ 3 | \$ 3 |

Note 11 Benefit Plans
(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$5,203 for the year ended March 31, 2013 (2012 – \$4,311). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2012, the Management Employees Pension Plan reported a deficiency of \$303,423 (2011 – deficiency \$517,726), the Public Service Pension Plan reported a deficiency of \$1,645,141 (2011 – deficiency \$1,790,383) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$51,870 (2011 – deficiency \$53,489).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2013, the Bargaining Unit Plan reported an actuarial surplus of \$51,717 (2012 – surplus \$9,136) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$18,327 (2012 – surplus \$10,454). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 12 Comparative Figures

Certain 2012 figures have been reclassified to conform to the 2013 presentation.

Note 13 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the senior financial officer and the deputy minister.

Ministry of Culture
Schedule to the Consolidated Financial Statements
Revenues
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|---|------------------|------------------|------------------|----------------------|
| | Budget | Actual | Actual | Restated (Note 3) |
| | \$ | \$ | \$ | \$ |
| Government Transfers | | | | |
| Government of Alberta Grants | | | | |
| Alberta Heritage Scholarship Fund | \$ 80 | \$ 59 | \$ 60 | |
| Federal Government Grants | | | | |
| Canada – Alberta Cooperation Agreement | | | | |
| on French Language Services | 650 | 693 | 650 | |
| Infrastructure Stimulus Fund | - | - | 9,963 | |
| Provincial – Territorial Base Funding | | | | |
| Program | - | 500 | 7,125 | |
| Other | 83 | - | - | |
| | 733 | 1,193 | 17,738 | |
| Investment Income | | | | |
| Interest | 1,590 | 458 | 464 | |
| Premiums, Fees and Licences | | | | |
| Admission Fees | 4,053 | 4,121 | 4,035 | |
| Film Classification | 750 | 534 | 521 | |
| Lands and Grazing | - | 16 | 19 | |
| Other | 190 | 109 | 129 | |
| | 4,993 | 4,780 | 4,704 | |
| Other Revenue | | | | |
| Sales | 4,340 | 4,617 | 5,016 | |
| Rental Revenue | 3,101 | 3,995 | 3,953 | |
| Recoveries | 3,686 | 1,230 | 1,174 | |
| Donations and Contributions in Kind | 2,621 | 4,622 | 3,163 | |
| Prior Year Refunds of Expenses | 500 | 599 | 2,490 | |
| Other | 553 | 1,008 | 854 | |
| | 14,801 | 16,071 | 16,650 | |
| Total Revenues | \$ 22,197 | \$ 22,561 | \$ 39,616 | |

Schedule 2

Ministry of Culture
Schedule to the Consolidated Financial Statements
Credit or Recovery Initiatives
Year ended March 31, 2013
(in thousands)

| | 2013 | | |
|--|-----------------------|-----------------------|-------------------------------------|
| | Authorized | Actual ⁽¹⁾ | (Shortfall) / Excess ⁽⁵⁾ |
| Acquisition of Historical Collections ⁽²⁾ | \$ 6,000 | \$ 4,480 | \$ (1,520) |
| Royal Alberta Museum ⁽³⁾ | 723 | 668 | (55) |
| Francophone Secretariat ⁽⁴⁾ | 650 | 693 | 43 |
| | <hr/> <u>\$ 7,373</u> | <hr/> <u>\$ 5,841</u> | <hr/> <u>\$ (1,532)</u> |

- ⁽¹⁾ Revenues from credit or recovery initiatives are included in the Ministry's revenues in the Statement of Operations and Schedule 1.
- ⁽²⁾ Acquisition of Historical Collections is related to donations of artifacts and other items to various historic sites and museums.
- ⁽³⁾ Funding to the Royal Alberta Museum is provided for the Alberta Biodiversity Monitoring Program.
- ⁽⁴⁾ The Government of Canada provides funding to the Francophone Secretariat under the Canada – Alberta Cooperation Agreement to promote French language initiatives.
- ⁽⁵⁾ Shortfall is deducted from current year's authorized budget, as disclosed in Schedule 4 to the financial statements.

Schedule 3

Ministry of Culture
Schedule to the Consolidated Financial Statements
Expenses – Directly Incurred Detailed By Object
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 |
|--|-------------------|-------------------|----------------------|
| | Budget | Actual | Actual |
| | | | Restated (Note 3) |
| Grants | \$ 147,307 | \$ 165,651 | \$ 165,866 |
| Salaries, Wages and Employee Benefits | 48,351 | 46,807 | 41,915 |
| Supplies and Services | 33,723 | 33,356 | 28,958 |
| Supplies and Services from Support Service | | | |
| Arrangements with Related Parties ⁽¹⁾ | 1,338 | 1,364 | 1,369 |
| Financial Transactions and Other | 102 | 1,561 | 355 |
| Amortization of Tangible Capital Assets | 3,239 | 2,230 | 2,374 |
| Total Expenses before Recoveries | 234,060 | 250,969 | 240,837 |
| Less: Recovery from Support Service | | | |
| Arrangements with Related Parties ⁽²⁾ | (1,716) | (1,933) | (1,525) |
| | <u>\$ 232,344</u> | <u>\$ 249,036</u> | <u>\$ 239,312</u> |

⁽¹⁾ The Ministry receives Freedom of Information and Privacy services from the Ministry of Treasury Board and Finance and Information Management and Technology Services from the Ministry of Tourism, Parks and Recreation.

⁽²⁾ The Ministry provides Human Resource Services and Policy, Planning and Legislative Services to the Ministry of Tourism, Parks and Recreation, and costs incurred by the Ministry for these services are recovered.

Schedule 4

Ministry of Culture
Schedule to the Consolidated Financial Statements
Budget
Year ended March 31, 2013
(in thousands)

| | Estimates Restated (Note 3) | Adjustments | 2012-2013 | | | Supplementary Estimates | Authorized Budget |
|--|-----------------------------------|-------------|--------------|------|---------------|----------------------------|----------------------|
| | | | (1) | (2) | (3) Budget | | |
| Revenues | | | | | | | |
| Government Transfers | | | | | | | |
| Internal Government Transfers | \$ 80 | \$ - | \$ 80 | \$ - | \$ 80 | | |
| Federal Government Grants | 733 | - | 733 | - | 733 | | |
| Investment Income | 1,590 | - | 1,590 | - | 1,590 | | |
| Premiums, Fees and Licences | 4,993 | - | 4,993 | - | 4,993 | | |
| Other Revenue | 14,801 | 4,223 | 19,024 | - | 19,024 | | |
| | 22,197 | 4,223 | 26,420 | - | 26,420 | | |
| Expenses – Directly Incurred | | | | | | | |
| Cultural Industries | 57,999 | - | 57,999 | - | 57,999 | | |
| Community and Voluntary Support Services | 94,958 | 7,738 | 102,696 | - | 102,696 | | |
| Heritage | 52,202 | 4,825 | 57,027 | - | 57,027 | | |
| Support for Cultural Infrastructure | 15,500 | 7,600 | 23,100 | - | 23,100 | | |
| Francophone Secretariat | 1,311 | - | 1,311 | - | 1,311 | | |
| Ministry Support Services | 10,374 | - | 10,374 | - | 10,374 | | |
| Credit or Recovery Shortfall (Schedule 2) | - | (1,532) | (1,532) | - | (1,532) | | |
| | 232,344 | 18,631 | 250,975 | - | 250,975 | | |
| Net Operating Results | | | | | | | |
| Capital Investment | \$ (210,147) | \$ (14,408) | \$ (224,555) | \$ - | \$ (224,555) | | |
| Non-Budgetary Disbursements | \$ 3,165 | \$ (602) | \$ 2,563 | \$ - | \$ 2,563 | | |
| | \$ 2,820 | \$ - | \$ 2,820 | \$ - | \$ 2,820 | | |

(1) Adjustments include credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*. An increase of \$4,000 was approved for Element 4.6 Acquisition of Historical Collections and an increase of \$223 was approved for Element 4.2 Royal Alberta Museum.

(2) Treasury Board approved a transfer of \$602 from the capital investment vote to the expense vote within Element 4.9 Heritage Infrastructure pursuant to section 6(1) of the *Appropriation Act, 2012*.

(3) Treasury Board approved transfers of \$15,338 from the expense vote of Treasury Board and Finance to Element 3.4 Community Facility Enhancement Program (\$7,738) and to Element 5.2 Support for Municipal Cultural Facilities (\$7,600).

Schedule 5

Ministry of Culture
Schedule to the Consolidated Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the consolidated Statement of Operations and the consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | 2013 | 2012 | |
|--|-----------------|-----------------|----------------------|
| | | | Restated (Note 3) |
| Revenues | | | |
| Alberta Heritage Scholarship Fund | \$ 59 | \$ 60 | |
| Other Revenue | <u>49</u> | <u>8</u> | |
| | \$ 108 | \$ 68 | |
| Expenses – Directly Incurred | | | |
| Grants | \$ 3,718 | \$ 3,787 | |
| Other Services | <u>1,958</u> | <u>1,999</u> | |
| | \$ 5,676 | \$ 5,786 | |
| Transfers of Tangible Capital Assets In (Out) | | | |
| | \$ 1,155 | \$ (181) | |
| Payable to | | | |
| | \$ 1,108 | \$ 2,739 | |
| Receivable from | | | |
| | \$ 124 | \$ 152 | |
| Contractual Obligations | | | |
| | \$ 2,586 | \$ 3,219 | |

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

Ministry of Culture
Schedule to the Consolidated Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements but are disclosed in Schedule 6.

| | 2013 | 2012 | |
|---------------------------------|-----------|-----------|----------------------|
| | | | Restated (Note 3) |
| Expenses – Incurred by Others | | | |
| Accommodation | \$ 40,905 | \$ 38,235 | |
| GOA Learning Centre | 24 | 17 | |
| Legal Services | 170 | 149 | |
| Internal Audit | 114 | 207 | |
| Financial Services | 501 | 469 | |
| Transportation Services | 95 | 66 | |
| Information Technology Services | 1,835 | 1,433 | |
| | <hr/> | <hr/> | |
| | \$ 43,644 | \$ 40,576 | |

Schedule 6

Ministry of Culture
Schedule to the Consolidated Financial Statements
Allocated Costs
Year ended March 31, 2013
(in thousands)

| Program | Expenses – Incurred by Others | | | | | | | | | | 2012 | |
|--|-------------------------------|------------------------------|--------------------------------|-------------------------------|-------------------------------|-----------------------------------|--|--|-------------------|-------------------|----------------------|--|
| | GOA Expenses ⁽¹⁾ | Accommodation ⁽²⁾ | Learning Centre ⁽³⁾ | Legal Services ⁽⁴⁾ | Internal Audit ⁽⁵⁾ | Financial Services ⁽⁶⁾ | Transportation Services ⁽⁷⁾ | Information Technology Services ⁽⁸⁾ | Total Expenses | Total Expenses | Restated (Note 3) | |
| Cultural Industries | \$ 61,844 | \$ 9,520 | \$ 3 | \$ 29 | \$ 28 | \$ 56 | \$ 10 | \$ 204 | \$ 71,694 | \$ 63,294 | | |
| Community and Voluntary Support Services | 95,341 | 915 | 4 | 16 | 29 | 89 | 17 | 325 | 96,736 | 128,560 | | |
| Heritage | 54,760 | 30,102 | 14 | 62 | 57 | 289 | 55 | 1,059 | 86,398 | 78,224 | | |
| Support for Cultural Infrastructure | 26,600 | - | - | - | - | - | - | - | 26,600 | | | |
| Françophone Secretariat | 1,259 | 49 | - | - | - | 4 | 1 | 15 | 1,328 | 71 | | |
| Ministry Support Services | 9,232 | 319 | 3 | 63 | - | 63 | 12 | 232 | 9,924 | 8,548 | | |
| | \$ 249,036 | \$ 40,905 | \$ 24 | \$ 170 | \$ 114 | \$ 501 | \$ 95 | \$ 1,835 | \$ 292,680 | \$ 278,697 | | |

- (1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.
- (2) The Ministry of Infrastructure provided accommodation. Costs shown for Accommodation on Schedule 5, allocated by square footage.
- (3) The Ministry of Treasury Board and Finance provided training. Costs shown for Government of Alberta Learning Centre on Schedule 5, allocated by full time equivalent.
- (4) The Ministry of Justice and Solicitor General provided legal services. Costs for Legal Services on Schedule 5, allocated by each program.
- (5) The Ministry of Treasury Board and Finance provided internal audit services. Costs shown for Internal Audit on Schedule 5, allocated by estimated costs incurred by each program.
- (6) The Ministry of Service Alberta provided financial services to the Ministry. Costs shown for Financial Services on Schedule 5, allocated by full time equivalent.
- (7) The Ministry of Service Alberta and Ministry of Treasury Board and Finance provided transportation services. Costs shown for Transportation Services on Schedule 5, allocated to the program by full time equivalent.
- (8) The Ministry of Service Alberta provided information technology services. Costs shown for Information Technology Services on Schedule 5, allocated to the program by full time equivalent.

Schedule 7

Ministry of Culture
Schedule to the Consolidated Financial Statements
Tangible Capital Assets
Year ended March 31, 2013
(in thousands)

| | 2013 | | | 2012 | | |
|------------------------------------|--------------------------------------|-----------------|-----------------------|----------------------|------------------|-------------------------------|
| | General Capital Assets | | Infrastructure Assets | | | |
| | Computer Hardware and Software | Land | Land | Land Improvements | Total | Total Restated (Note 3) |
| Equipment ⁽¹⁾ | 3-10 years | 5-8 years | Indefinite | 40 years | | |
| Estimated Useful Life | | | | | | |
| Historical Cost ⁽²⁾ | | | | | | |
| Beginning of Year | \$ 20,631 | \$ 4,998 | \$ 2,453 | \$ 1,784 | \$ 29,866 | \$ 28,563 |
| Additions | 1,935 | 485 | - | 64 | 2,484 | 2,067 |
| Disposals, Including Write-Downs | (125) | (13) | - | - | (138) | (580) |
| Transfers to Others ⁽³⁾ | (89) | - | 1,244 | - | 1,155 | (184) |
| | <u>\$ 22,352</u> | <u>\$ 5,470</u> | <u>\$ 3,697</u> | <u>\$ 1,848</u> | <u>\$ 33,367</u> | <u>\$ 29,866</u> |
| Accumulated Amortization | | | | | | |
| Beginning of Year | \$ 11,233 | \$ 2,112 | \$ - | \$ 187 | \$ 13,532 | \$ 11,576 |
| Amortization Expense | 1,712 | 484 | - | 34 | 2,230 | 2,374 |
| Effect of Disposal | (114) | - | - | - | (114) | (415) |
| Transfers to Others ⁽³⁾ | - | - | - | - | - | (3) |
| | <u>\$ 12,831</u> | <u>\$ 2,596</u> | <u>\$ -</u> | <u>\$ 221</u> | <u>\$ 15,648</u> | <u>\$ 13,532</u> |
| Net Book Value at March 31, 2013 | <u>\$ 9,521</u> | <u>\$ 2,874</u> | <u>\$ 3,697</u> | <u>\$ 1,627</u> | <u>\$ 17,719</u> | |
| Net Book Value at March 31, 2012 | <u>\$ 9,398</u> | <u>\$ 2,886</u> | <u>\$ 2,453</u> | <u>\$ 1,597</u> | | <u>\$ 16,334</u> |

(1) Equipment includes heritage markers, network switches and routers, vehicles, office equipment and furniture, and other equipment.

(2) Historical cost includes work-in-progress at March 31, 2013 totalling \$2,978 (2012 - \$1,910) comprised of: equipment \$1,447 (2012 - \$760); computer hardware and software \$1,026 (2012 - \$573); and land improvements \$505 (2012 - \$577).

(3) Transfer of computer hardware and software was made to Alberta Tourism, Parks and Recreation at a net book value of \$89. Transfer of land was made from Alberta Infrastructure at a net book value of \$1,244.

Department of Culture

Financial Statements

March 31, 2013

**Department of Culture
Financial Statements
March 31, 2013**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Credit or Recovery

Schedule 3 – Expenses – Directly Incurred Detailed by Object

Schedule 4 – Budget

Schedule 5 – Laps/Encumbrance

Schedule 6 – Comparison of Actual to Budget

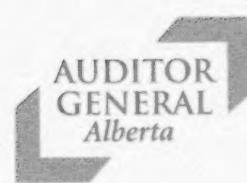
Schedule 7 – Lottery Fund Estimates

Schedule 8 – Salary and Benefits Disclosure

Schedule 9 – Related Party Transactions

Schedule 10 – Allocated Costs

Schedule 11 – Tangible Capital Assets



Independent Auditor's Report

To the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Culture, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Culture as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2013

Edmonton, Alberta

**Department of Culture
Statement of Operations
Year ended March 31, 2013
(in thousands)**

| | 2013 | | 2012 | |
|--|------------------------|---------------------|--------------------------------|--|
| | Budget (Schedule 4) | Actual | Actual Restated (Note 3) | |
| Revenues (Schedule 1) | | | | |
| Government Transfers | | | | |
| Government of Alberta Grants | \$ 80 | \$ 59 | \$ 60 | |
| Federal Government Grants | 650 | 1,193 | 17,738 | |
| Premiums, Fees and Licences | 750 | 534 | 521 | |
| Other Revenue | <u>2,920</u> | <u>5,663</u> | <u>5,854</u> | |
| | <u>4,400</u> | <u>7,449</u> | <u>24,173</u> | |
| Expenses – Directly Incurred (Note 2(b) and Schedule 3, 6 and 10) | | | | |
| Ministry Support Services | 10,374 | 9,232 | 7,965 | |
| Cultural Industries | 50,328 | 56,158 | 48,007 | |
| Community and Voluntary Support Services | 94,375 | 94,667 | 100,328 | |
| Heritage | 42,292 | 45,823 | 39,443 | |
| Support for Cultural Infrastructure | 15,500 | 26,600 | 27,088 | |
| Francophone Secretariat | <u>1,311</u> | <u>1,259</u> | <u>1,190</u> | |
| | <u>214,180</u> | <u>233,739</u> | <u>224,021</u> | |
| Net Operating Results | <u>\$ (209,780)</u> | <u>\$ (226,290)</u> | <u>\$ (199,848)</u> | |

The accompanying notes and schedules are part of these financial statements.

**Department of Culture
Statement of Financial Position
As at March 31, 2013
(in thousands)**

| | 2013 | 2012 | |
|---|-------------------------|-------------------------|----------------------|
| | | | Restated (Note 3) |
| Assets | | | |
| Cash | \$ 281 | \$ 22 | |
| Accounts Receivable (Note 4) | 646 | 4,383 | |
| Tangible Capital Assets (Schedule 11) | <u>14,257</u> | <u>12,661</u> | |
| | <u><u>\$ 15,184</u></u> | <u><u>\$ 17,066</u></u> | |
| Liabilities | | | |
| Accounts Payable and Accrued Liabilities | \$ 62,900 | \$ 71,333 | |
| Deferred Revenue | <u>120</u> | <u>-</u> | |
| | <u><u>63,020</u></u> | <u><u>71,333</u></u> | |
| Net Assets (Liabilities) | | | |
| Net Assets (Liabilities) at Beginning of Year | (54,267) | (52,762) | |
| Net Operating Results | <u>(226,290)</u> | <u>(199,848)</u> | |
| Net Financing Provided from General Revenues | <u>232,721</u> | <u>198,343</u> | |
| | <u><u>(47,836)</u></u> | <u><u>(54,267)</u></u> | |
| | <u><u>\$ 15,184</u></u> | <u><u>\$ 17,066</u></u> | |

Contractual obligations and contingent liabilities (Notes 6 and 7)

The accompanying notes and schedules are part of these financial statements.

**Department of Culture
Statement of Cash Flows
Year ended March 31, 2013
(in thousands)**

| | 2013 | 2012 Restated (Note 3) |
|---|--------------|------------------------------|
| Operating Transactions | | |
| Net Operating Results | \$ (226,290) | \$ (199,848) |
| Non-cash Items Included in Net Operating Results | | |
| Amortization | 1,441 | 1,471 |
| Loss on Disposal of Tangible Capital Assets | 13 | 148 |
| | <hr/> | <hr/> |
| | (224,836) | (198,229) |
| Decrease in Accounts Receivable | 3,737 | 5,812 |
| (Decrease) in Accounts Payable and Accrued Liabilities | (8,433) | (4,587) |
| Increase in Deferred Revenue | 120 | - |
| | <hr/> | <hr/> |
| Cash (Applied to) Operating Transactions | <hr/> | <hr/> |
| | (229,412) | (197,004) |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets (Schedules 5, 6 and 11) | (1,895) | (1,527) |
| Transfers of Tangible Capital Assets (from) to Others (Schedule 11) | (1,155) | 181 |
| | <hr/> | <hr/> |
| Cash (Applied to) Capital Transactions | <hr/> | <hr/> |
| | (3,050) | (1,346) |
| Financing Transactions | | |
| Net Financing Provided from General Revenues | <hr/> | <hr/> |
| | 232,721 | 198,343 |
| Increase (Decrease) in Cash | 259 | (7) |
| Cash at Beginning of Year | <hr/> | <hr/> |
| | 22 | 29 |
| Cash at End of Year | <hr/> | <hr/> |
| | \$ 281 | \$ 22 |

The accompanying notes and schedules are part of these financial statements.

Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013

Note 1 Authority and Purpose

The Department of Culture (Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to support and strengthen vibrant, inclusive communities and ensure there are opportunities to share, express and experience culture in Alberta. This is done by:

- Promoting the economic and social value of culture to Albertans;
- Supporting the growth, participation in and appreciation of the arts in Alberta;
- Supporting Alberta's nonprofit/voluntary sector to develop inclusive and engaged communities; and
- Preserving Alberta's historical resources and making them accessible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Department of Culture, which is part of the Ministry of Culture (Ministry) and for which the Minister of Culture (the Minister) is accountable.

Other entities reporting to the Minister are:

- Alberta Foundation for the Arts;
- The Alberta Historical Resources Foundation;
- The Government House Foundation;
- Historic Resources Fund; and
- The Wild Rose Foundation.

The activities of these organizations are not included in these financial statements.

The Ministry annual report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers and are recorded as revenue when the Department is eligible to receive the funds.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Department's actions and communications as to the use of the transfer, create a liability.

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amounts can be made.

Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses (continued)

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs, which are the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, banked overtime and environmental obligations.

Incurred by Others

Services contributed by other entities in support of the Department operations are not recognized and are disclosed in Schedule 9 and allocated to programs in Schedule 10.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution. Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets (continued)

Collections of historic and scientific artifacts, archival holdings and works of art held by the Department are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental obligations are recorded as liabilities when there is little or no discretion to avoid settlement of the obligation and a reasonable estimate of the amount can be made.

Net Assets (Liabilities)

Net assets (liabilities) represent the difference between the carrying value of assets held by the Department and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Environmental obligations are included in accounts payable and accrued liabilities in the amount of \$8,055 (2012 – \$7,289) for Heritage, based on management's best estimates that reflect the environmental information known at the time. Further environmental assessments, changes in environmental legislation or other unanticipated changes may affect these estimates.

Note 3 Government Reorganization

(in thousands)

The Department of Culture was established as a result of restructuring of government ministries announced on May 8, 2012 and other transfer of responsibilities from other departments. Comparatives for 2012 have been restated as if the Department had always been assigned with its current responsibilities.

Net assets (liabilities) on March 31, 2011 are made up as follows:

| | |
|---|--------------------|
| Net assets (liabilities) as previously reported for the Department of Culture and Community Services | \$ (53,813) |
| Transfer from the Ministry of Intergovernmental and International Relations | <u>1,051</u> |
| Net assets (liabilities) at March 31, 2011 | \$ (52,762) |

Note 4 Accounts Receivable

(in thousands)

| | 2013 | | 2012 | |
|---------------------|--------------|---------------------------------------|----------------------------|--|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Restated (Note 3) Net Realizable Value |
| Accounts Receivable | \$ 646 | \$ - | \$ 646 | \$ 4,383 |

Accounts receivable are unsecured and non-interest bearing.

**Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013**

Note 5 Collections

Collections consist of historical and scientific artifacts, archival holdings and works of art of provincial, national and international significance located in the archives, museums and historical sites of the Province of Alberta. The Department has not recorded the value of these collections in the financial statements due to the practical difficulties of reflecting them at a meaningful value. The collection is insured. A description of the major collections is as follows:

- (a) The Province, through the Historic Sites and Museums Branch, preserves, operates and presents Alberta's history as is represented through three museums, three interpretive centres and nine historic sites that contain 51 restored historical buildings/structures and three stabilized ruins. As well, it administers three additional historic sites which contain 58 undeveloped historical buildings/structures and 10 newly acquired but partially restored buildings. In addition, the branch owns one developed historic resource (leased to a society), 13 cairns, four archaeological sites and one palaeontological site. The Department owns 1,904 hectares of land deemed to be of historical significance.
- (b) The collections of the Royal Alberta Museum represent Alberta's highly diverse cultural and natural heritage. They include 1,686,000 natural history specimens (e.g., animals, plants and minerals), 143,000 ethnological and historical artifacts, and millions of archaeological objects spanning 10,000 years of Alberta history. The collections include mammals, birds, fish, insects, plants, minerals, gems, First Nations ethnographical material, military and cultural history artifacts, coins, as well as industrial, domestic and textile collections, and the permitted archaeological materials recovered in Alberta, all with associated documentation and in many cases images and other media.
- (c) The Royal Alberta Museum also is responsible for the management of 76,228 artifacts for the Ministry's historic sites. Approximately 5,000 of these objects are used to furnish various smaller sites throughout the province and 8,000 objects furnish the historic buildings at the Ukrainian Cultural Heritage Village. The remaining artifacts are preserved in storage.
- (d) The Royal Tyrrell Museum collection has over 130,000 catalogued specimens that document the early history of life on earth. Its collections range from fossils of the first complex organisms to the emergence of humans in Alberta. The collection is continually growing and approximately 2,000 specimens are accessioned annually. The collection also includes geologic samples, a comparative zoology collection and an extensive dinosaur mold and cast collection.
- (e) The Reynolds-Alberta Museum is responsible for 6,430 agricultural, industrial and transportation artifacts. This includes 455 cars, trucks and motorcycles; 361 tractors and engines; 393 agricultural machines; and 467 industrial artifacts. Also included are 99 vintage aircraft, the second largest collection in Canada. The museum houses over 850 linear meters of documents relating to its mechanization themes.

Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013

Note 5 Collections (continued)

- (f) The Remington Carriage Museum houses one of the largest collections of horse-drawn vehicles in North America, with 333 carriages, buggies, wagons and sleighs, and approximately 760 associated small artifacts.
- (g) The Provincial Archives of Alberta holds approximately 43,890 linear metres of government textual records, 5,792 linear metres of private textual records, 67,219 maps, 30,060 architectural drawings, 2,241,779 photographic images, 56,581 hours of sound recordings, 68,771 hours of film and video materials and 13,970 volumes of library holdings.
- (h) The Arts Branch manages 14 collections containing approximately 1,500 donated, purchased and/or commissioned artworks.
- (i) The Glenbow-Alberta Institute, under contract to the Province of Alberta, manages the care of, and access to, a publicly owned collection of over 200,000 artifacts in cultural history, military history, ethnology, art and mineralogy, approximately 3.75 shelf kilometres of textual and archival records, over 2,100,000 historical photographs, about 350 hours of film footage and 7,200 sound recordings.

**Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013**

Note 6 Contractual Obligations (in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | 2013 | 2012 |
|----------------------------------|-----------|-----------|
| Programs – Grant Agreements | \$ 64,564 | \$ 51,342 |
| Contracts – Service | 4,009 | 6,269 |
| Contracts – Capital Construction | 4 | - |
| | <hr/> | <hr/> |
| | \$ 68,577 | \$ 57,611 |

Estimated payment requirements for each of the next four years and thereafter are as follows:

| | Grants | Contracts – Service | Contracts – Capital Construction | Total |
|------------|-----------|---------------------|----------------------------------|-----------|
| 2013-14 | \$ 47,914 | \$ 2,320 | \$ 4 | \$ 50,238 |
| 2014-15 | 16,500 | 933 | - | 17,433 |
| 2015-16 | 150 | 693 | - | 843 |
| 2016-17 | - | 63 | - | 63 |
| Thereafter | - | - | - | - |
| | \$ 64,564 | \$ 4,009 | \$ 4 | \$ 68,577 |

**Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013**

Note 7 Contingent Liabilities
(in thousands)

The Department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Department has been named in one (2012 – one) claims of which the outcome is not determinable. The claim has a specified amount totalling \$80 (2012 – \$80). This claim, if successful, is covered by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Certain contingent liabilities may exist for site remediation and reclamation in addition to the environment obligations recorded in the financial statements, which are described in Note 2(b). Due to uncertainty surrounding these circumstances it is not possible to determine the likelihood or amount of these contingent liabilities.

Note 8 Trust Fund Under Administration
(in thousands)

The Department administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purposes of a trust, it is not included in the Department's financial statements.

As at March 31, 2013, a trust fund under administration was as follows:

| | <u>2013</u> | <u>2012</u> |
|---|-------------|-------------|
| Fort Dunvegan Historical Society Trust Fund | \$ 3 | \$ 3 |

Department of Culture
Notes to the Financial Statements
Year ended March 31, 2013

Note 9 Benefit Plans
(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$5,203 for the year ended March 31, 2013 (2012 – \$4,311). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2012, the Management Employees Pension Plan reported a deficiency of \$303,423 (2011 – deficiency \$517,726), the Public Service Pension Plan reported a deficiency of \$1,645,141 (2011 – deficiency \$1,790,383) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$ 51,870 (2011 – deficiency \$53,489).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2013, the Bargaining Unit Plan reported an actuarial surplus of \$ 51,717 (2012 – surplus \$9,136) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$18,327 (2012 – surplus \$10,454). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 10 Comparative Figures

Certain 2012 figures have been reclassified to conform to the 2013 presentation.

Note 11 Approval of Financial Statements

The financial statements were approved by the senior financial officer and the deputy minister.

Schedule 1

**Department of Culture
Schedule to Financial Statements
Revenues
Year ended March 31, 2013
(in thousands)**

| | 2013 | | 2012 | |
|---|----------|----------|--------------------------------|--|
| | Budget | Actual | Actual Restated (Note 3) | |
| Government Transfers | | | | |
| Government of Alberta Grants | | | | |
| Alberta Heritage Scholarship Fund | \$ 80 | \$ 59 | \$ 60 | |
| Federal Government Grants | | | | |
| Canada – Alberta Cooperation Agreement | | | | |
| on French Language Services | 650 | 693 | 650 | |
| Infrastructure Stimulus Fund | - | - | 9,963 | |
| Provincial – Territorial Base Funding Program | - | 500 | 7,125 | |
| | 650 | 1,193 | 17,738 | |
| Premiums, Fees and Licences | | | | |
| Film Classification | 750 | 534 | 521 | |
| Other Revenue | | | | |
| Donations and Contributions in Kind | 2,000 | 4,480 | 2,891 | |
| Prior Years Refunds of Expenses | 420 | 500 | 2,336 | |
| Other | 500 | 683 | 627 | |
| | 2,920 | 5,663 | 5,854 | |
| Total Revenues | \$ 4,400 | \$ 7,449 | \$ 24,173 | |

Schedule 2

Department of Culture
Schedule to Financial Statements
Credit or Recovery
Year ended March 31, 2013
(in thousands)

| | 2013 | | | | |
|--|------------|-----------------------|--|-------------------------------------|--|
| | Authorized | Actual ⁽¹⁾ | | (Shortfall) / Excess ⁽⁵⁾ | |
| Acquisition of Historical Collections ⁽²⁾ | \$ 6,000 | \$ 4,480 | | \$ (1,520) | |
| Royal Alberta Museum ⁽³⁾ | 723 | 668 | | (55) | |
| Francophone Secretariat ⁽⁴⁾ | 650 | 693 | | 43 | |
| | \$ 7,373 | \$ 5,841 | | \$ (1,532) | |

- (1) Revenues from credit or recovery initiatives are included in the Department's revenues in the Statement of Operations and Schedule 1.
- (2) Acquisition of Historical Collections is related to donations of artifacts and other items to various historic sites and museums.
- (3) Funding to the Royal Alberta Museum is provided for the Alberta Biodiversity Monitoring Program.
- (4) The Government of Canada provides funding to the Francophone Secretariat under the Canada – Alberta Cooperation Agreement to promote French language initiatives.
- (5) Shortfall is deducted from current year's authorized budget, as disclosed in Schedules 4 and 5 to the financial statements.

Schedule 3

Department of Culture
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 |
|---|--------------------|--------------------|--------------------------------|
| | Budget | Actual | Actual Restated (Note 3) |
| Grants | \$ 154,830 | \$ 172,653 | \$ 172,250 |
| Salaries, Wages and Employee Benefits | 48,351 | 46,807 | 41,915 |
| Supplies and Services | 14,275 | 17,331 | 13,782 |
| Supplies and Services from Support Service Arrangements with Related Parties ⁽¹⁾ | 1,338 | 1,332 | 1,337 |
| Financial Transactions and Other | 102 | 1,446 | 272 |
| Amortization of Tangible Capital Assets | 2,207 | 1,441 | 1,471 |
| Total Expenses before Recoveries | 221,103 | 241,010 | 231,027 |
| Less: Recovery from Support Service Arrangements with Related Parties ⁽²⁾ | (6,923) | (7,271) | (7,006) |
| | \$ 214,180 | \$ 233,739 | \$ 224,021 |

⁽¹⁾ The Department receives Freedom of Information and Privacy services from the Department of Treasury Board and Finance and Information Management and Technology Services from the Department of Tourism, Parks and Recreation.

⁽²⁾ The Department provides financial and administrative services to the funds and agencies of the Ministry of Culture and provides Human Resource Services and Policy, Planning and Legislative Services to the Department of Tourism, Parks and Recreation. Costs incurred by the Department for these services are recovered.

Severance and termination payments amounted to \$nil for eligible executive management positions.

Schedule 4

Department of Culture
Schedule to Financial Statements
Budget
Year ended March 31, 2013
(in thousands)

| | 2012-2013 | | | | | | Supplementary Estimates | Authorized Budget |
|--|----------------------|-------------|----------------|--------|-------|------|-------------------------|-------------------|
| | Estimates | Adjustments | (1) (2) (3) | Budget | | | | |
| | Restated (Note 3) | | | | | | | |
| Revenues | | | | | | | | |
| Government Transfers | | | | | | | | |
| Government of Alberta Grants | \$ 80 | \$ - | \$ 80 | \$ - | \$ 80 | \$ - | \$ 80 | \$ 80 |
| Federal Government Grants | 650 | - | 650 | - | - | - | 650 | 650 |
| Premiums, Fees and Licences | 750 | - | 750 | - | - | - | 750 | 750 |
| Other Revenue | 2,920 | 4,223 | | 7,143 | | | | 7,143 |
| | 4,400 | 4,223 | | 8,623 | | | | 8,623 |
| Expenses – Directly Incurred | | | | | | | | |
| Ministry Support Services | 10,374 | - | 10,374 | - | - | - | 10,374 | 10,374 |
| Cultural Industries | 50,328 | - | 50,328 | - | - | - | 50,328 | 50,328 |
| Community and Voluntary Support Services | 94,375 | 7,738 | 102,113 | - | - | - | 102,113 | 102,113 |
| Heritage | 42,292 | 4,825 | 47,117 | - | - | - | 47,117 | 47,117 |
| Support for Cultural Infrastructure | 15,500 | 7,600 | 23,100 | - | - | - | 23,100 | 23,100 |
| Francophone Secretariat | 1,311 | - | 1,311 | - | - | - | 1,311 | 1,311 |
| Credit or Recovery(Shortfall) (Schedule 2) | - | (1,532) | (1,532) | - | - | - | (1,532) | (1,532) |
| | 214,180 | 18,631 | 232,811 | - | - | - | 232,811 | 232,811 |
| Net Operating Results | | | | | | | | |
| Capital Investment | \$ 2,500 | \$ (602) | \$ 1,898 | \$ - | \$ - | \$ - | \$ 1,898 | \$ 1,898 |
| Non-Budgetary Disbursements | \$ 2,820 | \$ - | \$ 2,820 | \$ - | \$ - | \$ - | \$ 2,820 | \$ 2,820 |

- (1) Adjustments include credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*. An increase of \$4,000 was approved for Element 4.6 Acquisition of Historical Collections and an increase of \$223 was approved for Element 4.2 Royal Alberta Museum.
- (2) Treasury Board approved a transfer of \$602 from the capital investment vote to the expense vote within Element 4.9 Heritage Infrastructure pursuant to section 6(1) of the *Appropriation Act, 2012*.
- (3) Treasury Board approved transfers of \$15,338 from the expense vote of Treasury Board and Finance to Element 3.4 Community Facility Enhancement Program (\$7,738) and to Element 5.2 Support for Municipal Cultural Facilities (\$7,600).

Schedule 5

Department of Culture
Schedule to Financial Statements
Lapse/Encumbrance
Year ended March 31, 2013
(in thousands)

| | Voted Estimates ⁽¹⁾ Restated (Note 3) | Adjustments ⁽²⁾ | Supplementary Estimate | Adjusted Voted Estimates | Actuals ⁽³⁾ | Unexpended (Over Expended) |
|--|---|----------------------------|---------------------------|--------------------------------|------------------------|----------------------------------|
| Program – Operating | | | | | | |
| Ministry Support Services | | | | | | |
| 1.1 Minister's Office | \$ 590 | \$ | \$ | \$ 590 | \$ 566 | \$ 24 |
| 1.2 Deputy Minister's Office | 630 | - | - | 630 | 630 | - |
| 1.3 Financial Services | 1,535 | - | - | 1,535 | 1,410 | 125 |
| 1.4 Policy, Planning and Legislative Services | 735 | - | - | 735 | 693 | 42 |
| 1.5 Communications | 575 | - | - | 575 | 502 | 73 |
| 1.6 Human Resources | 710 | - | - | 710 | 657 | 53 |
| 1.7 Corporate Initiatives | 5,182 | - | - | 5,182 | 4,253 | 929 |
| | 9,957 | - | - | 9,957 | 8,711 | 1,246 |
| Cultural Industries | | | | | | |
| 2.1 Program Support | 780 | - | - | 780 | 707 | 73 |
| 2.2 Arts | 2,250 | - | - | 2,250 | 2,323 | (73) |
| 2.3 Alberta Film Commission | 485 | - | - | 485 | 810 | (325) |
| 2.4 Alberta Multimedia Development Fund | 19,780 | - | - | 19,780 | 25,289 | (5,509) |
| 2.5 Assistance to the Alberta Foundation for the Arts | 26,925 | - | - | 26,925 | 26,925 | - |
| | 50,220 | - | - | 50,220 | 56,054 | (5,834) |

Schedule 5
(continued)

Department of Culture
Schedule to Financial Statements
Lapse/Encumbrance
Year ended March 31, 2013
(in thousands)

| | Voted Estimates ⁽¹⁾ | Adjusted Estimates ⁽²⁾ | Supplementary Estimate | Adjusted Voted Estimates | Actuals ⁽³⁾ | Unexpended (Over Expended)) |
|---|-----------------------------------|--------------------------------------|---------------------------|--------------------------------|------------------------|-----------------------------------|
| Restated (Note 3) | \$ 530 | \$ - | \$ - | \$ 530 | \$ 320 | \$ 210 |
| | 10,915 | - | - | 10,915 | 10,588 | 327 |
| Community and Voluntary Support Services | 15,500 | - | - | 15,500 | 15,500 | - |
| 3.1 Program Support | 38,000 | 7,738 | - | 45,738 | 43,400 | 2,338 |
| 3.2 Community Engagement | 25,250 | - | - | 25,250 | 21,456 | 3,794 |
| 3.3 Community Spirit Donation Grant Program ⁽⁴⁾ | 4,100 | - | - | 4,100 | 3,238 | 862 |
| 3.4 Community Facility Enhancement Program | | | | | | |
| 3.5 Community Initiatives Program | | | | | | |
| 3.6 Other Initiatives | | | | | | |
| | 94,295 | 7,738 | - | 102,033 | 94,502 | 7,531 |
| Heritage | | | | | | |
| 4.1 Program Support | 1,485 | - | - | 1,485 | 1,213 | 272 |
| 4.2 Royal Alberta Museum | 7,685 | 223 | - | 7,908 | 7,590 | 318 |
| 4.3 Royal Tyrrell Museum | 2,645 | - | - | 2,645 | 2,495 | 150 |
| 4.4 Historic Sites and Other Museums | 10,535 | - | - | 10,535 | 10,434 | 101 |
| 4.5 Provincial Archives of Alberta | 2,985 | - | - | 2,985 | 3,056 | (71) |
| 4.6 Acquisition of Historical Collections | 2,000 | 4,000 | - | 6,000 | 4,784 | 1,216 |
| 4.7 Historic Resources Management | 4,770 | - | - | 4,770 | 4,728 | -42 |
| 4.8 Assistance to The Alberta Historical Resources Foundation | 8,415 | - | - | 8,415 | 8,415 | - |
| 4.9 Heritage Infrastructure | - | 602 | - | 602 | 610 | (8) |
| | 40,520 | 4,825 | - | 45,345 | 43,325 | 2,020 |
| Support for Cultural Infrastructure | | | | | | |
| 5.1 Support for Canto's Music Foundation | 15,500 | - | - | 15,500 | 19,000 | (3,500) |
| 5.2 Support for Municipal Cultural Facilities | - | 7,600 | - | 7,600 | 7,600 | - |
| | 15,500 | 7,600 | - | 23,100 | 26,600 | (3,500) |

Support for Cultural Infrastructure
 5.1 Support for Canto's Music Foundation
 5.2 Support for Municipal Cultural Facilities

Schedule 5
(continued)

Department of Culture
Schedule to Financial Statements
Lapse/Encumbrance
Year ended March 31, 2013
(In thousands)

| | Voted Estimates ⁽¹⁾ | Adjustments ⁽²⁾ | Supplementary Estimate | Adjusted Voted Estimates | Actuals ⁽³⁾ | Unexpended (Over Expended) |
|---|-----------------------------------|----------------------------|---------------------------|--------------------------------|------------------------|----------------------------------|
| Resated (Note 3) | \$ 1,311 | \$ - | \$ - | \$ 1,311 | \$ 1,241 | \$ 70 |
| | - | (1,532) | - | (1,532) | - | (1,532) |
| | \$ 211,803 | \$ 18,631 | \$ - | \$ 230,434 | \$ 230,433 | \$ 1 |
| Francophone Secretariat | | | | | | |
| Credit or Recovery Shortfall (Schedule 2) | | | | | | |
| Total Lapse/(Encumbrance) | \$ 2,500 | \$ (602) | \$ - | \$ 1,398 | \$ 1,895 | \$ 3 |
| | | | | | | |
| Program – Capital Investments | | | | | | |
| Ministry Support Services | \$ 500 | \$ - | \$ - | \$ 500 | \$ 495 | \$ 5 |
| 1.7 Corporate Initiatives | | | | | | |
| Heritage | 2,000 | (602) | - | 1,398 | 1,400 | (2) |
| 4.9 Heritage Infrastructure | | | | | | |
| Total Lapse/(Encumbrance) | \$ 2,500 | \$ (602) | \$ - | \$ 1,398 | \$ 1,895 | \$ 3 |
| | | | | | | |
| Non-Budgetary Disbursements | | | | | | |
| Heritage | \$ 2,820 | \$ - | \$ - | \$ 2,820 | \$ 599 | \$ 2,221 |
| 4.9 Heritage Infrastructure | | | | | | |
| Total Lapse/(Encumbrance) | \$ 2,820 | \$ - | \$ - | \$ 2,820 | \$ 599 | \$ 2,221 |
| | | | | | | |

(1) As per "Voted Expense by Program" and "Voted Capital Investment by Program" pages 46 – 48 of 2012-13 Government Estimates as restated.

(2) Adjustments include credit or recovery shortfalls (Schedule 2) and transfers approved by Treasury Board (Schedule 4).

(3) Actuals exclude non-voted amounts such as amortization and valuation adjustments

(4) 2012-13 is the last year of the Community Spirit Donation Grant program.

Schedule 6

Department of Culture
Schedule to Financial Statements
Comparison of Actual and Budget
Year ended March 31, 2013
(in thousands)

| | 2012-2013 | | | | | |
|--|--|-------------------|------------------------------------|-------------------|----------------------------|--|
| | Estimates ⁽¹⁾ Restated (Note 3) | Actual Voted | Actual Not Voted ⁽²⁾ | Actual Total | Difference Under (Over) | |
| EXPENSES | | | | | | |
| Expenses by program | | | | | | |
| Ministry Support Services | \$ 10,374 | \$ 8,711 | \$ 521 | \$ 9,232 | \$ 1,142 | |
| Cultural Industries | 50,328 | 56,054 | 104 | 56,158 | (5,830) | |
| Community and Voluntary Support Services | 94,375 | 94,502 | 165 | 94,667 | (292) | |
| Heritage | 42,292 | 43,325 | 2,498 | 45,823 | (3,531) | |
| Support for Cultural Infrastructure | 15,500 | 26,600 | - | 26,600 | (11,100) | |
| Francophone Secretariat | 1,311 | 1,241 | 18 | 1,259 | 52 | |
| | <u>\$ 214,180</u> | <u>\$ 230,433</u> | <u>\$ 3,306</u> | <u>\$ 233,739</u> | <u>\$ (19,559)</u> | |
| Expenses by fiscal plan category | | | | | | |
| Operating Expense | \$ 158,473 | \$ 159,823 | \$ 1,865 | \$ 161,688 | \$ (3,215) | |
| Capital Grants and Support | 53,500 | 70,610 | - | 70,610 | (17,110) | |
| Amortization of Tangible Capital Assets | 2,207 | - | 1,441 | 1,441 | 766 | |
| | <u>\$ 214,180</u> | <u>\$ 230,433</u> | <u>\$ 3,306</u> | <u>\$ 233,739</u> | <u>\$ (19,559)</u> | |
| Capital investment by program | | | | | | |
| Ministry Support Services | \$ 500 | \$ 495 | \$ - | \$ 495 | \$ 5 | |
| Heritage | 2,000 | 1,400 | - | 1,400 | 600 | |
| | <u>\$ 2,500</u> | <u>\$ 1,895</u> | <u>\$ -</u> | <u>\$ 1,895</u> | <u>\$ 605</u> | |

⁽¹⁾ As per page 53 of 2012-13 Government Estimates as restated.

⁽²⁾ These amounts are not included in any supply vote either because no cash disbursement is required or because the Legislative Assembly has already provided funding authority pursuant to a statute other than an appropriation act.

**Department of Culture
Schedule to Financial Statements
Lottery Fund Estimates
Year ended March 31, 2013
(in thousands)**

| | 2012-13 Lottery Fund Estimates | 2012-13 Actual | Unexpended (Over Expended) |
|---|--------------------------------------|-------------------|-------------------------------|
| Cultural Industries | | | |
| 2.4 Alberta Multimedia Development Fund | \$ 19,780 | \$ 25,289 | \$ (5,509) |
| 2.5 Assistance to the Alberta Foundation for the Arts | 26,925 | 26,925 | - |
| Community and Voluntary Support Services | | | |
| 3.3 Community Spirit Donation Grant Program | 15,500 | 15,500 | - |
| 3.4 Community Facility Enhancement Program | 38,000 | 43,400 | (5,400) |
| 3.5 Community Initiatives Program | 25,250 | 21,456 | 3,794 |
| 3.6 Other Initiatives | 4,100 | 945 | 3,155 |
| Heritage | | | |
| 4.8 Assistance to the Alberta Historical Resources Foundation | 8,415 | 8,415 | - |
| Support for Cultural Infrastructure | | | |
| 5.1 Support for Cantos Music Foundation | 15,500 | 19,000 | (3,500) |
| | \$ 153,470 | \$ 160,930 | \$ (7,460) |

The revenue of the Lottery Fund is transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2012-13. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the Department that are funded by the Lottery Fund and compares it to the actual results.

Department of Culture
Schedule to Financial Statements
Salary and Benefits Disclosure
Year ended March 31, 2013
(in thousands)

| | 2013 | | | | | 2012 | |
|--|-------------------------------|--|--|--------|--------|------|--|
| | Base Salary ⁽¹⁾ | Other Cash Benefits ⁽²⁾ | Other Non-cash Benefits ⁽³⁾ | Total | Total | | |
| Senior Officials | | | | | | | |
| Deputy Minister ⁽⁴⁾ | \$ 274 | \$ 11 | \$ 101 | \$ 386 | \$ 409 | | |
| Executives | | | | | | | |
| Assistant Deputy Minister, Culture, Community and Voluntary Services Division ⁽⁵⁾ | 185 | 10 | 42 | 237 | 196 | | |
| Assistant Deputy Minister, Heritage Division | 174 | - | 50 | 224 | 191 | | |
| Assistant Deputy Minister, Policy and Strategic Corporate Services Division ⁽⁶⁾ | 89 | 15 | 27 | 131 | - | | |
| Executive Director, Human Resource Services ⁽⁷⁾ | 157 | - | 43 | 200 | 205 | | |
| Executive Director, Financial Services | 157 | - | 44 | 201 | 194 | | |

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payout and lump sum payments. There were no bonuses paid in 2013.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, financial planning services, coaching services, and professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) The position was occupied by two individuals at different times during the year.

(6) Position created on October 15, 2012.

(7) The incumbent's services are shared with the Department of Tourism, Parks and Recreation which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.

Schedule 9

Department of Culture
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | Entities in the Ministry | | Other Entities | |
|-------------------------------------|--------------------------|------------------|-----------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | \$ | | \$ | |
| Grants | - | - | 59 | 60 |
| Expenses - Directly Incurred | | | | |
| Grants | \$ 35,340 | \$ 35,800 | \$ 1,749 | \$ 1,828 |
| Other services | - | - | 1,785 | 1,510 |
| | <u>\$ 35,340</u> | <u>\$ 35,800</u> | <u>\$ 3,534</u> | <u>\$ 3,338</u> |
| Transfer of Tangible Capital Assets | | | | |
| In (Out) | \$ - | \$ - | \$ 1,155 | \$ (181) |
| Payable to | \$ - | \$ 88 | \$ 170 | \$ 121 |
| Receivable from | \$ 46 | \$ 484 | \$ - | \$ - |
| Contractual Obligations | \$ - | \$ - | \$ 2,218 | \$ 2,725 |

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

Schedule 9
(continued)

Department of Culture
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 10.

| | Entities in the Ministry | | Other Entities | |
|---------------------------------|--------------------------|----------------------|----------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 |
| | | Restated (Note 3) | | Restated (Note 3) |
| Recoveries | | | | |
| Services Provided | \$ 435 | \$ 410 | \$ - | \$ - |
| Expenses – Incurred by Others | | | | |
| Accommodation | \$ - | \$ - | \$ 40,228 | \$ 37,558 |
| GOA Learning Centre | - | - | 24 | 17 |
| Legal Services | - | - | 169 | 148 |
| Internal Audit | - | - | 99 | 103 |
| Financial Services | - | - | 501 | 469 |
| Transportation Services | - | - | 95 | 66 |
| Information Technology Services | - | - | 1,835 | 1,433 |
| | \$ - | \$ - | \$ 42,951 | \$ 39,794 |

Schedule 10

Department of Culture
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2013
(in thousands)

| Program | Expenses ⁽¹⁾ | 2013 | | | | | | | | | | 2012 | | |
|--|-------------------------|----------------------------------|------------------------------|------------------------------------|-------------------------------|-------------------------------|-----------------------------------|--|--|-------------------|-------------------|-------------------|--|--|
| | | Services Provided ⁽²⁾ | Accommodation ⁽³⁾ | GOA Learning Centre ⁽⁴⁾ | Legal Services ⁽⁵⁾ | Internal Audit ⁽⁶⁾ | Financial Services ⁽⁷⁾ | Transportation Services ⁽⁸⁾ | Information Technology Services ⁽⁹⁾ | Total Expenses | Total Expenses | Restated (Note 3) | | |
| Ministry Support Services | \$ 9,212 | \$ - | \$ 319 | \$ 3 | \$ 63 | \$ - | \$ 63 | \$ 12 | \$ 232 | \$ 9,924 | \$ 8,548 | | | |
| Cultural Industries | 56,158 | - | 9,061 | 3 | 28 | 28 | 56 | 10 | 204 | 65,548 | 57,331 | | | |
| Community and Voluntary Support Services | 94,667 | - | 915 | 4 | 16 | 29 | 89 | 17 | 325 | 96,062 | 128,068 | | | |
| Heritage | 45,823 | (435) | 29,884 | 14 | 62 | 42 | 289 | 55 | 1,039 | 76,793 | 68,197 | | | |
| Support for Cultural Infrastructure | 26,600 | - | - | - | - | - | - | - | - | 26,600 | | | | |
| Francophone Secretariat | 1,259 | - | 49 | - | - | - | - | 4 | 1 | 15 | 1,328 | 71 | | |
| | \$ 233,739 | \$ (435) | \$ 40,228 | \$ 24 | \$ 169 | \$ 99 | \$ 501 | \$ 95 | \$ 1,835 | \$ 276,255 | \$ 262,215 | | | |

- (1) Expenses - Directly Incurred as per Statement of Operations.
- (2) The Department of Culture provided financial and administrative services to its funds and agencies.
- (3) The Department of Infrastructure provided accommodations. Costs shown for Accommodation on Schedule 9, allocated by square footage.
- (4) The Department of Treasury Board and Finance provided training. Costs shown for Alberta Learning Centre on Schedule 9, allocated by full time equivalent.
- (5) The Department of Justice and Solicitor General provided legal services. Costs for Legal Services on Schedule 9, allocated by estimated costs incurred by each program.
- (6) The Department of Treasury Board and Finance provided internal audit services. Costs shown for Internal Audit on Schedule 9, allocated by estimated costs incurred by each program.
- (7) The Department of Service Alberta provided financial services to the Department. Costs shown for Financial Services on Schedule 9, allocated by full time equivalent.
- (8) The Department of Service Alberta and Department of Treasury Board and Finance provided transportation services. Costs shown for Transportation Services on Schedule 9, allocated to the program by full time equivalent.
- (9) The Department of Service Alberta provided information technology services. Costs shown for Information Technology Services on Schedule 9, allocated to the program by full time equivalent.

Schedule 11

Department of Culture
Schedule to Financial Statements
Tangible Capital Assets
Year ended March 31, 2013
(in thousands)

| | 2013 | | | 2012 | | |
|---|--------------------------------------|-----------------|-----------------------|-----------------|------------------|-------------------------------|
| | General Capital Assets | | Infrastructure Assets | | | Total Restated (Note 3) |
| Equipment ⁽¹⁾ | Computer Hardware and Software | Land | Land Improvements | Total | | |
| Estimated Useful Life | | | | | | |
| Historical Cost ⁽²⁾ | | | | | | |
| Beginning of Year | \$ 10,938 | \$ 4,648 | \$ 2,453 | \$ 1,784 | \$ 19,823 | \$ 18,989 |
| Additions | 1,346 | 485 | - | 64 | 1,895 | 1,527 |
| Disposals, Including Write-Downs | (103) | (13) | - | - | (116) | (509) |
| Transfers (to) from Others ⁽³⁾ | (89) | - | 1,244 | - | 1,155 | (184) |
| | <u>\$ 12,092</u> | <u>\$ 5,120</u> | <u>\$ 3,697</u> | <u>\$ 1,848</u> | <u>\$ 22,757</u> | <u>\$ 19,823</u> |
| Accumulated Amortization | | | | | | |
| Beginning of Year | \$ 5,084 | \$ 1,891 | \$ - | \$ 187 | \$ 7,162 | \$ 6,055 |
| Amortization Expense | 953 | 454 | - | 34 | 1,441 | 1,471 |
| Effect of Disposal | (103) | - | - | - | (103) | (361) |
| Transfers (to) from Others ⁽³⁾ | - | - | - | - | - | (3) |
| | <u>\$ 5,934</u> | <u>\$ 2,345</u> | <u>\$ -</u> | <u>\$ 221</u> | <u>\$ 8,500</u> | <u>\$ 7,162</u> |
| Net Book Value at March 31, 2013 | <u>\$ 6,158</u> | <u>\$ 2,775</u> | <u>\$ 3,697</u> | <u>\$ 1,627</u> | <u>\$ 14,257</u> | |
| Net Book Value at March 31, 2012 | <u>\$ 5,854</u> | <u>\$ 2,757</u> | <u>\$ 2,453</u> | <u>\$ 1,597</u> | | <u>\$ 12,061</u> |

⁽¹⁾ Equipment includes network switches and routers, vehicles, office equipment and furniture, and other equipment.

⁽²⁾ Historical cost includes work-in-progress at March 31, 2013 totaling \$2,514 (2012 - \$1,625) comprised of: equipment \$983 (2012 - \$475), computer hardware and software \$1,026 (2012 - \$573); and land improvements \$505 (2012 - \$577).

⁽³⁾ Transfer of computer hardware and software was made to Alberta Tourism, Parks and Recreation at a net book value of \$89. Transfer of land was received from Alberta Infrastructure at a net book value of \$1,244.

Alberta Foundation for the Arts

Financial Statements

March 31, 2013

**Alberta Foundation for the Arts
Financial Statements
March 31, 2013**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Independent Auditor's Report

To the Members of the Alberta Foundation for the Arts and the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Foundation for the Arts, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Foundation for the Arts as at March 31, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2013

Edmonton, Alberta

Alberta Foundation for the Arts
Statement of Operations
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|---|-----------------|-----------------|---------------|--|
| | Budget | Actual | Actual | |
| Revenues | | | | |
| Government of Alberta Transfers | | | | |
| Transfers from the Department of Culture | \$ 26,925 | \$ 26,925 | \$ 27,925 | |
| Investment Income | 581 | 143 | 146 | |
| Other Revenue | | | | |
| Prior Years Refunds of Expenses | 75 | 85 | 88 | |
| Donations of Artworks | 300 | 41 | 184 | |
| | <u>27,881</u> | <u>27,194</u> | <u>28,343</u> | |
| Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3) | | | | |
| Support to Arts Organizations | 21,759 | 21,577 | 22,124 | |
| Support to Individual Artists | 4,871 | 4,496 | 5,252 | |
| Administration | 1,278 | 1,108 | 907 | |
| | <u>27,908</u> | <u>27,181</u> | <u>28,283</u> | |
| Net Operating Results (Note 3) | <u>\$ (27)</u> | <u>13</u> | <u>60</u> | |
| Operating Fund Balance at Beginning of Year | | 2,353 | 1,826 | |
| Transfer from Reserve | | - | 467 | |
| Operating Fund Balance at End of Year | <u>\$ 2,366</u> | <u>\$ 2,353</u> | | |

The accompanying notes and schedules are part of these financial statements.

Alberta Foundation for the Arts
Statement of Financial Position
As at March 31, 2013
(in thousands)

| | 2013 | 2012 |
|--|--------------|--------------|
| Financial Assets | | |
| Cash (Note 4) | \$ 2,350 | \$ 4,252 |
| Accounts Receivable (Note 5) | <u>5</u> | <u>4</u> |
| | 2,355 | 4,256 |
| Tangible Capital Assets (Note 6) | <u>78</u> | <u>101</u> |
| | \$ 2,433 | \$ 4,357 |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 67 | \$ 2,004 |
| Fund Balances | | |
| Operating | <u>2,366</u> | <u>2,353</u> |
| | \$ 2,433 | \$ 4,357 |

Contractual obligations (Note 8)

The accompanying notes and schedules are part of these financial statements.

Alberta Foundation for the Arts
Statement of Cash Flows
Year ended March 31, 2013
(in thousands)

| | 2013 | 2012 |
|---|-----------------|-----------------|
| Operating Transactions | | |
| Net Operating Results | \$ 13 | \$ 60 |
| Non-cash Items Included in Net Operating Results | | |
| Amortization of Tangible Capital Assets | 23 | 24 |
| | 36 | 84 |
| (Increase) Decrease in Accounts Receivable | (1) | 8 |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (1,937) | 1,988 |
| Cash (Applied to) Provided by Operating Transactions | <u>(1,902)</u> | <u>2,080</u> |
| Financing Transactions | | |
| Transfer from Reserve | - | 467 |
| (Decrease) Increase in Cash | (1,902) | 2,547 |
| Cash at Beginning of Year | <u>4,252</u> | <u>1,705</u> |
| Cash at End of Year | <u>\$ 2,350</u> | <u>\$ 4,252</u> |

The accompanying notes and schedules are part of these financial statements.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2013

Note 1 Authority and Purpose

The Alberta Foundation for the Arts (Foundation) operates under the authority of the *Alberta Foundation for the Arts Act*, Chapter A-19, Revised Statutes of Alberta 2000.

The purposes of the Foundation are:

- To support and contribute to the development of literary, performing, visual and media arts in Alberta,
- To provide both individuals and organizations with opportunities to participate in the arts in Alberta,
- To promote the enjoyment of works of art created by Alberta artists,
- To oversee the collection, preservation and display of works of art by Alberta artists, and
- To encourage artists living in Alberta in their work.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Alberta Foundation for the Arts, which is part of the Ministry of Culture (Ministry) and for which the Minister of Culture (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers and are recorded as revenue when the Foundation is eligible to receive the funds.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Revenues (continued)

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Foundation's actions and communications as to the use of the transfer, create a liability.

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include amortization of tangible capital assets.

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash and financial claims such as accounts receivable from other organizations.

Assets acquired by right are not included. Tangible capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Artworks and Collections

Artworks are not recorded as assets. Purchases of artworks are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

Proceeds from the disposition of artworks can only be used to acquire other items to be added to the collection or for the direct care of existing artworks.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Financial Instruments

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

As the Foundation does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

Note 3 Net Operating Results

Actual cash expenses incurred by the Foundation cannot exceed actual revenues received during the year except if authorized by the Minister of Culture or by Treasury Board.

Note 4 Cash
(in thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2013

Note 4 Cash (continued)

The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2013, securities held by CCITF have a time-weighted return of 1.3 % (2012 – 1.3 %) per annum. Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 5 Accounts Receivable
 (in thousands)

| | 2013 | | 2012 | |
|---------------------|--------------|---------------------------------|----------------------|----------------------|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Accounts Receivable | \$ 5 | \$ - | \$ 5 | \$ 4 |

Accounts receivable are unsecured and non-interest bearing.

Note 6 Tangible Capital Assets
 (in thousands)

| | Equipment ⁽¹⁾ | Computer Hardware and Software | 2013 Total | 2012 Total |
|----------------------------------|--------------------------|--------------------------------|------------|------------|
| Estimated Useful Life | 10 years | 4 years | | |
| Historical Cost | | | | |
| Beginning of Year | \$ 273 | \$ 20 | \$ 293 | \$ 293 |
| Additions | - | - | - | - |
| Disposals, Including Write-Downs | - | - | - | - |
| | 273 | 20 | 293 | 293 |
| Accumulated Amortization | | | | |
| Beginning of Year | 172 | 20 | 192 | 168 |
| Amortization Expense | 23 | - | 23 | 24 |
| Effect of Disposals | - | - | - | - |
| | 195 | 20 | 215 | 192 |
| Net Book Value at March 31, 2013 | \$ 78 | \$ - | \$ 78 | |
| Net Book Value at March 31, 2012 | \$ 101 | \$ - | | \$ 101 |

⁽¹⁾ Equipment includes vehicles, office equipment and furniture, and other equipment.

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2013

Note 7 Artworks and Collections

The Foundation actively collects visual artworks, which document the province's significant visual artistic achievement. The collection is accessible to the public and consists of paintings, sculptures, drawings, photographs, ceramics, glass, fibre and prints.

At March 31, 2013, the collection consisted of approximately 8,454 (2012 – 8,393) pieces of artworks with an approximate value of \$13,016,582 (2012 – \$12,807,712). During the year, the Foundation purchased 45 (2012 – 71) artworks with a value of \$168,670 (2012 – \$544,109). Contributions to the collection included 17 (2012 – 27) artworks with an appraised value of \$40,850 (2012 – \$183,793). There was one artwork disposition during the year (2012 – one). The collection is insured.

Note 8 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | <u>2013</u> | <u>2012</u> |
|-------------------|-------------|-------------|
| Service Contracts | \$ 40 | \$ 560 |

Estimated payment requirements for the next year and thereafter are as follows:

| | <u>Service Contracts</u> |
|-------------|------------------------------|
| 2013 – 2014 | \$ 40 |
| Thereafter | - |
| | <u>\$ 40</u> |

Alberta Foundation for the Arts
Notes to the Financial Statements
Year ended March 31, 2013

Note 9 Honoraria
 (in thousands)

| | 2013 | | | 2012 | | |
|-----------------------------|--------------------------|--|---------------------|---------------------|---------------------|------|
| | Honoraria ⁽¹⁾ | Benefits and Allowances ⁽²⁾ | Total | | Total | |
| Board ⁽³⁾ | | | | | | |
| Chair | \$ 4 | \$ - | \$ 4 | \$ 4 | \$ 4 | \$ 4 |
| Vice Chair ⁽⁴⁾ | - | - | - | - | - | 2 |
| Other Members (11) | <u>50</u> | <u>-</u> | <u>50</u> | <u>50</u> | <u>21</u> | |
| | <u>\$ 54</u> | <u>\$ -</u> | <u>\$ 54</u> | <u>\$ 54</u> | <u>\$ 27</u> | |

⁽¹⁾ The Foundation has no employees. Staff of the Department of Culture administers the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Board Directive 12/98 as amended, is included in the financial statements of the Department of Culture.

⁽²⁾ No benefits were provided to board members.

⁽³⁾ Members appointed to the Foundation are paid honoraria for attending Foundation meetings at rates set by ministerial order. They are also paid for sub-committee meetings, to attend out-of-town meetings and for attending to other Foundation duties.

⁽⁴⁾ This position was not filled during 2012-13 fiscal year.

Note 10 Approval of Financial Statements

The financial statements were approved by the board of directors.

Schedule 1

Alberta Foundation for the Arts
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|--|------------------|------------------|------------------|--------|
| | Budget | Actual | Actual | Actual |
| Grants | \$ 23,087 | \$ 23,503 | \$ 24,481 | |
| Supplies and Services from Support Service | | | | |
| Arrangements with Related Parties ⁽¹⁾ | 2,214 | 2,214 | 2,214 | |
| Supplies and Services | 2,035 | 1,178 | 1,036 | |
| Acquisition of Artworks ⁽²⁾ | 165 | 168 | 317 | |
| Donations of Artworks | 300 | 41 | 184 | |
| Amortization of Tangible Capital Assets | 27 | 23 | 24 | |
| Honoraria (Note 9) | 80 | 54 | 27 | |
| | \$ 27,908 | \$ 27,181 | \$ 28,283 | |

⁽¹⁾ The Foundation receives financial and program related administrative services from the Department of Culture.

⁽²⁾ Includes commissioned artwork in progress.

Alberta Foundation for the Arts
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Foundation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Entities in the Ministry | | Other Entities | |
|--|--------------------------|-----------|----------------|----------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | |
| Transfers from the Department of Culture | \$ 26,925 | \$ 27,925 | \$ - | \$ - |
| Expenses – Directly Incurred | | | | |
| Grants | \$ - | \$ - | \$ 1,878 | \$ 1,927 |
| Other Services | \$ - | \$ - | \$ 7 | \$ 10 |
| | \$ - | \$ - | \$ 1,885 | \$ 1,937 |
| Payable to | \$ 1 | \$ 1 | \$ 63 | \$ 1,980 |

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

Alberta Foundation for the Arts
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

| | Entities in the Ministry | | Other Entities | |
|-------------------------------|--------------------------|-------------|----------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| Expenses – Incurred by Others | | | | |
| Accommodation | \$ - | \$ - | \$ 459 | \$ 459 |
| Other Services | - | - | - | - |
| Legal Services | - | - | 1 | 1 |
| Internal Audit | - | - | - | - |
| | \$ - | \$ - | \$ 460 | \$ 460 |

Alberta Foundation for the Arts
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2013
(in thousands)

| Program | 2013 | | | | | 2012 | | | | | | | | | |
|-------------------------------|-------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|----------|------------------|-------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------|--|--|
| | Expenses ⁽¹⁾ | Accommodation ⁽²⁾ | Other Services ⁽³⁾ | Legal Services ⁽⁴⁾ | Internal Audit ⁽⁵⁾ | | Total Expenses | Expenses ⁽¹⁾ | Accommodation ⁽²⁾ | Other Services ⁽³⁾ | Legal Services ⁽⁴⁾ | Internal Audit ⁽⁵⁾ | Total Expenses | | |
| Support to Arts Organizations | \$ 21,577 | \$ 165 | \$ - | \$ 1 | \$ - | - | \$ 21,743 | \$ 22,287 | | | | | | | |
| Support to Individual Artists | 4,496 | 182 | - | - | - | - | 4,678 | 5,428 | | | | | | | |
| Administration | 1,108 | 112 | - | - | - | - | 1,220 | 1,028 | | | | | | | |
| | \$ 27,181 | \$ 459 | \$ - | \$ 1 | \$ - | - | \$ 27,641 | \$ 28,743 | | | | | | | |

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

(3) The Department of Culture provided financial and administrative services. Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

(4) The Department of Justice and Solicitor General provided legal services. Costs shown for Legal Services on Schedule 2, allocated by estimated costs incurred by each program.

(5) The Department of Treasury Board and Finance provided Internal Audit Services. Costs shown for Internal Audit on Schedule 2, allocated by estimated costs incurred by each program.

The Alberta Historical Resources Foundation

Financial Statements

March 31, 2013

**The Alberta Historical Resources Foundation
Financial Statements
March 31, 2013**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs



Independent Auditor's Report

To the Directors of Alberta Historical Resources Foundation and
the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Historical Resources Foundation, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Historical Resources Foundation as at March 31, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2013

Edmonton, Alberta

The Alberta Historical Resources Foundation
Statement of Operations
Year ended March 31, 2013
(in thousands)

| | 2013 | 2012 | |
|---|-----------------|-----------------|--------------|
| | Budget | Actual | Actual |
| Revenues | | | |
| Government of Alberta Transfers | | | |
| Transfers from the Department of Culture | \$ 8,415 | \$ 8,415 | \$ 7,875 |
| Investment Income | 290 | 60 | 70 |
| Other Revenue | 6 | - | - |
| | <u>8,711</u> | <u>8,475</u> | <u>7,945</u> |
| Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3) | | | |
| Glenbow Museum | 3,176 | 3,176 | 2,966 |
| Heritage Preservation Partnership Programs | 2,635 | 2,800 | 2,781 |
| Support for Provincial Heritage Organizations | 2,145 | 2,188 | 2,239 |
| Municipal Heritage Programs | 555 | 515 | 530 |
| Heritage Markers Program | 80 | 80 | 100 |
| Administration | 150 | 256 | 244 |
| | <u>8,741</u> | <u>9,015</u> | <u>8,860</u> |
| Net Operating Results | \$ (30) | (540) | (915) |
| Fund Balances at Beginning of Year | | <u>2,625</u> | <u>3,540</u> |
| Fund Balances at End of Year | \$ 2,085 | \$ 2,625 | |

The accompanying notes and schedules are part of these financial statements.

The Alberta Historical Resources Foundation
Statement of Financial Position
As at March 31, 2013
(in thousands)

| | 2013 | 2012 |
|--|------------------------|------------------------|
| Financial Assets | | |
| Cash (Note 3) | \$ 2,659 | \$ 3,566 |
| Tangible Capital Assets (Note 5) | <u>74</u> | <u>104</u> |
| | <u><u>\$ 2,733</u></u> | <u><u>\$ 3,670</u></u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 648 | \$ 1,045 |
| Fund Balances | | |
| Operating | 2,060 | 2,600 |
| Internally Restricted (Note 6) | <u>25</u> | <u>25</u> |
| | <u><u>2,085</u></u> | <u><u>2,625</u></u> |
| | <u><u>\$ 2,733</u></u> | <u><u>\$ 3,670</u></u> |

Contractual obligations (Note 8)

The accompanying notes and schedules are part of these financial statements.

The Alberta Historical Resources Foundation
Statement of Cash Flows
Year ended March 31, 2013
(in thousands)

| | 2013 | 2012 |
|---|-----------------|-----------------|
| Operating Transactions | | |
| Net Operating Results | \$ (540) | \$ (915) |
| Non-cash Items Included in Net Operating Results | | |
| Amortization of Tangible Capital Assets | 30 | 36 |
| | (510) | (879) |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | <u>(397)</u> | <u>911</u> |
| Cash (Applied to) Provided by Operating Transactions | <u>(907)</u> | <u>32</u> |
| Financing Transactions | | |
| Transfer from Reserve | - | 50 |
| (Decrease) Increase in Cash | (907) | 82 |
| Cash at Beginning of Year | <u>3,566</u> | <u>3,484</u> |
| Cash at End of Year | <u>\$ 2,659</u> | <u>\$ 3,566</u> |

The accompanying notes and schedules are part of these financial statements.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 1 Authority and Purpose

The Alberta Historical Resources Foundation (Foundation) operates under the authority of the *Historical Resources Act*, Chapter H-9, Revised Statutes of Alberta 2000.

The purpose of the Foundation is to assist in the preservation and interpretation of Alberta's heritage primarily through the encouragement and sponsorship of community heritage initiatives.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is The Alberta Historical Resources Foundation, which is part of the Ministry of Culture (Ministry) and for which the Minister of Culture (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers and are recorded as revenue when the Foundation is eligible to receive the funds.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Foundation's actions and communications as to the use of transfer, create a liability.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Revenues (continued)

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include amortization of tangible capital assets.

Grants are recorded as expenses when authorized and when all eligibility criteria have been satisfied.

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash and financial claims such as accounts receivable from other organizations and individuals.

Assets acquired by right are not included. Tangible capital assets of the Foundation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Collections of historical assets held by the Foundation are not recorded as assets. Purchases of collection items are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Financial Instruments

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

As the Foundation does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

Note 3 Cash
(in thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2013, securities held by CCITF have a time-weighted return of 1.3% (2012 – 1.3%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Artworks and Collections

The Foundation has a collection of historical assets which is comprised of paintings, sketches, photographs and antique furnishings. At year end, the collection consisted of 376 (2012 – 376) artworks with an estimated value of \$16,060 (2012 – \$16,060) and 30 (2012 – 30) antique furnishings estimated at \$12,700 (2012 – \$12,700). During the year, the Foundation did not acquire any historical assets (2012 – Nil). There were no artwork dispositions during the year (2012 – Nil). The collection is insured.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 5 Tangible Capital Assets
(in thousands)

| | Heritage Markers | |
|---|------------------|---------------|
| | 2013 Total | 2012 Total |
| Estimated Useful Life – 10 years | | |
| Historical Cost | | |
| Beginning of Year | \$ 561 | \$ 561 |
| Additions | - | - |
| Disposals, Including Write-Downs | - | - |
| | 561 | 561 |
| Accumulated Amortization | | |
| Beginning of Year | 457 | 421 |
| Amortization Expense | 30 | 36 |
| Effect of Disposals | - | - |
| | 487 | 457 |
| Net Book Value | \$ 74 | \$ 104 |

Note 6 Internally Restricted Funds
(in thousands)

| | 2013 | | 2012 | |
|------------------------|--|------------------------------------|------------------------|------------------------|
| | Bob Etherington Heritage Trades Scholarship ^(a) | Peter Goertzen Fund ^(b) | Total Restricted Funds | Total Restricted Funds |
| Opening Balance | \$ 15 | \$ 10 | \$ 25 | \$ 25 |
| Contributions Received | - | - | - | - |
| Expenses | - | - | - | - |
| Closing Balance | \$ 15 | \$ 10 | \$ 25 | \$ 25 |

^(a) The Bob Etherington Heritage Trades Scholarship was designed to develop the heritage trades in Alberta by encouraging tradespersons to hone their technical skills and further their understanding of the challenges and complexities of heritage conservation work.

^(b) The Peter Goertzen Fund is a gift from the estate of Peter Goertzen, a former board member of The Alberta Historical Resources Foundation. These funds have been internally restricted and will support special heritage projects approved by the Board.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 7 Honoraria
(in thousands)

| | 2013 | | | 2012 | | |
|----------------------|--------------------------|--|--------------|------|--------------|------|
| | Honoraria ⁽¹⁾ | Benefits and Allowances ⁽²⁾ | Total | | Total | |
| Board ⁽³⁾ | | | | | | |
| Chair | \$ 7 | \$ - | \$ 7 | \$ 7 | \$ 7 | \$ 7 |
| Other Members (11) | <u>\$ 29</u> | <u>\$ -</u> | <u>\$ 29</u> | | <u>\$ 28</u> | |
| | <u>\$ 36</u> | <u>\$ -</u> | <u>\$ 36</u> | | <u>\$ 35</u> | |

- (1) The Foundation has no employees. Staff of the Department of Culture administer the Foundation. Disclosure of information on their salaries and benefits, a requirement under Treasury Board Directive 12/98 as amended, is included in the financial statements of the Department of Culture.
- (2) No benefits were provided to board members.
- (3) Members appointed to the Foundation are paid honoraria for attending Foundation meetings at rates set by ministerial order. They are also paid for sub-committee meetings, to attend out-of-town meetings and for attending to other Foundation duties.

The Alberta Historical Resources Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 8 Contractual Obligations
 (in thousands)

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | 2013 | 2012 |
|-------------------|-----------------------|-----------------------|
| Grant Agreements | \$ 1,945 | \$ 4,047 |
| Service Contracts | 3,176 | 3,176 |
| Long-term Leases | - | - |
| | <hr/> <u>\$ 5,121</u> | <hr/> <u>\$ 7,223</u> |

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | Grant Agreements | Service Contracts | Total |
|------------|-----------------------|-----------------------|-----------------------|
| 2013 – 14 | \$ 1,140 | \$ 3,176 | \$ 4,316 |
| 2014 – 15 | 483 | - | 483 |
| 2015 – 16 | 143 | - | 143 |
| 2016 – 17 | 143 | - | 143 |
| 2017 – 18 | 18 | - | 18 |
| Thereafter | 18 | - | 18 |
| | <hr/> <u>\$ 1,945</u> | <hr/> <u>\$ 3,176</u> | <hr/> <u>\$ 5,121</u> |

Note 9 Approval of Financial Statements

The financial statements were approved by the board of directors.

Schedule 1

**The Alberta Historical Resources Foundation
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2013
(in thousands)**

| | 2013 | | 2012 | |
|--|-----------------|-----------------|-----------------|--------|
| | Budget | Actual | Actual | Actual |
| Grants | \$ 4,770 | \$ 4,924 | \$ 4,975 | |
| Supplies and Services | 3,202 | 3,286 | 3,075 | |
| Supplies and Services from Support Service | | | | |
| Arrangements with Related Parties ⁽¹⁾ | 739 | 739 | 739 | |
| Amortization of Tangible Capital Assets | 30 | 30 | 36 | |
| Honoraria (Note 7) | - | 36 | 35 | |
| | \$ 8,741 | \$ 9,015 | \$ 8,860 | |

⁽¹⁾ The Foundation receives financial and program related administrative services from the Department of Culture.

Schedule 2

The Alberta Historical Resources Foundation
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The Foundation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Entities in the Ministry | | Other Entities | |
|--|--------------------------|--------------|----------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | |
| Transfers from the Department of Culture | \$ 8,415 | \$ 7,875 | \$ - | \$ - |
| Expenses – Directly Incurred | | | | |
| Grants | \$ 89 | \$ 40 | \$ 91 | \$ 32 |
| Other services | - | - | 6 | 7 |
| | \$ 89 | \$ 40 | \$ 97 | \$ 39 |
| Accounts Payable | \$ - | \$ - | \$ 67 | \$ 34 |

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

| | Entities in the Ministry | | Other Entities | |
|--------------------------------------|--------------------------|--------------|----------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| Expenses – Incurred by Others | | | | |
| Other Services | \$ 75 | \$ 65 | \$ - | \$ - |
| Accommodation | - | - | 21 | 21 |
| | \$ - | \$ 65 | \$ 21 | \$ 21 |

Schedule 3

The Alberta Historical Resources Foundation
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2013
(in thousands)

| Program | 2013 | | | 2012 | | |
|---|-------------------------|-------------------------------|------------------------------|-----------------|-----------------|-----------------|
| | Expenses ⁽¹⁾ | Other Services ⁽²⁾ | Accommodation ⁽³⁾ | Total Expenses | Total Expenses | Total Expenses |
| Glenbow Museum | \$ 3,176 | \$ - | \$ - | \$ 3,176 | \$ 2,966 | \$ 2,966 |
| Heritage Preservation Partnership Programs | 2,800 | 37 | 10 | 2,847 | 2,824 | 2,824 |
| Support for Provincial Heritage Organizations | 2,188 | - | - | 2,188 | 2,239 | 2,239 |
| Municipal Heritage Programs | 515 | 9 | 3 | 527 | 541 | 541 |
| Heritage Markers Program | 80 | 20 | 5 | 105 | 121 | 121 |
| Administration | 256 | 9 | 3 | 268 | 255 | 255 |
| | \$ 9,015 | \$ 75 | \$ 21 | \$ 9,111 | \$ 8,946 | \$ 8,946 |

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) The Department of Culture provided financial and administrative services. Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

(3) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

The Government House Foundation

Financial Statements

March 31, 2013

**The Government House Foundation
Financial Statements
March 31, 2013**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs



Independent Auditor's Report

To the Directors of the Government House Foundation and the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Government House Foundation, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government House Foundation as at March 31, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2013

Edmonton, Alberta

The Government House Foundation
Statement of Operations
Year ended March 31, 2013

| | 2013 | 2012 | |
|---|-----------------------|-----------------------|--------------|
| | Budget | Actual | Actual |
| Revenues | | | |
| Government of Alberta Transfers | | | |
| Transfers from the Alberta Historical Resources Foundation | \$ 40,000 | \$ 89,453 | \$ 40,000 |
| Investment Income | 4,000 | 1,403 | 1,280 |
| Premiums, Fees and Licences | 5,000 | 4,720 | 5,370 |
| Donations of Artworks | - | 415 | 1,350 |
| | <hr/> 49,000 | <hr/> 95,991 | <hr/> 48,000 |
| Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3) | | | |
| Public Relations | 31,000 | 60,370 | 22,411 |
| Administration | 12,000 | 19,315 | 19,509 |
| Conservation of Collections | 3,000 | 6,609 | 2,675 |
| Collection Acquisitions | 3,000 | 6,915 | 4,136 |
| | <hr/> 49,000 | <hr/> 93,209 | <hr/> 48,731 |
| Net Operating Results | \$ - | 2,782 | (731) |
| Fund Balance at Beginning of Year | <hr/>73,612 | <hr/>74,343 | |
| Fund Balance at End of Year | <hr/>\$ 76,394 | <hr/>\$ 73,612 | |

The accompanying notes and schedules are part of these financial statements.

**The Government House Foundation
Statement of Financial Position
As at March 31, 2013**

| | <u>2013</u> | <u>2012</u> |
|--|------------------|------------------|
| Financial Assets | | |
| Cash (Note 3) | <u>\$ 90,027</u> | <u>\$ 84,728</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | <u>\$ 13,633</u> | <u>\$ 11,116</u> |
| Fund Balance | <u>76,394</u> | <u>73,612</u> |
| | <u>\$ 90,027</u> | <u>\$ 84,728</u> |

Contractual obligations (Note 5)

The accompanying notes and schedules are part of these financial statements.

The Government House Foundation
Statement of Cash Flows
Year ended March 31, 2013

| | 2013 | 2012 |
|--|-------------------------|-------------------------|
| Operating Transactions | | |
| Net Operating Results | \$ 2,782 | \$ (731) |
| Increase in Accounts Payable and Accrued Liabilities | <u>2,517</u> | <u>8,323</u> |
| Cash Provided by Operating Transactions | <u>5,299</u> | <u>7,592</u> |
| Cash at Beginning of Year | <u>84,728</u> | <u>77,136</u> |
| Cash at End of Year | <u><u>\$ 90,027</u></u> | <u><u>\$ 84,728</u></u> |

The accompanying notes and schedules are part of these financial statements.

**The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2013**

Note 1 Authority and Purpose

The Government House Foundation (Foundation) operates under the authority of the *Government House Act*, Chapter G-9, Revised Statutes of Alberta 2000.

The purpose of the Foundation is:

- To advise the Minister on the preservation of Government House as a historic site and building,
- To inform and stimulate the interest of the public in the historical and architectural development of Government House, and
- To solicit and receive by gift, bequest, device, transfer or otherwise, any personal property for use or display in Government House.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Government House Foundation, which is part of the Ministry of Culture (Ministry) and for which the Minister of Culture (Minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation, when fair value can reasonably be determined.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers and are recorded as revenue when the Foundation is eligible to receive the funds.

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Revenues (continued)

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Foundation's actions and communications as to the use of the transfer, create a liability.

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the government's budget documents.

Incurred by Others

Services contributed by other entities in support of the Foundation's operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash.

Artworks are not recorded as assets. Purchases of artworks are expensed in the period in which the items are acquired. Donations of artworks and collection items are reported as revenue and expenses at their fair value when fair value can be determined. When fair value cannot be reasonably determined, these donations are recorded at nominal value. Proceeds from the disposition of artworks can only be used to acquire other items to be added to the collection or for the direct care of existing artworks.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Financial Instruments

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

As the Foundation does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2013, securities held by CCITF have a time-weighted return of 1.3% (2012 – 1.3%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Artworks and Collections

The Government House Foundation actively collects various significant items pertaining to the history of Government House. The collection is accessible to the public and consists of paintings, drawings, prints, sculptures, furnishings, books and silverware. The majority of the collection is used or displayed in Government House, while some items are on loan to other provincial institutions. The collection is insured.

At March 31, 2013, the collection consisted of approximately 512 (2012 – 485) pieces of artworks and other items, with an approximate value of \$1,030,000 (2012 – \$1,023,000). During the year, the Foundation made one purchase of artifacts with a value of \$6,500 (2012 – \$2,786). Contributions to the collection included five (2012 – three) artifacts with an appraised value of \$415 (2012 – \$1,350) and there were no dispositions during the year (2012 – Nil).

**The Government House Foundation
Notes to the Financial Statements
Year ended March 31, 2013**

Note 5 Contractual Obligations

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | <u>2013</u> | <u>2012</u> |
|-------------------|------------------|------------------|
| Service Contracts | <u>\$ 16,500</u> | <u>\$ 17,000</u> |

Estimated payment requirements for the next year and thereafter are as follows:

| | <u>Service Contracts</u> |
|------------|------------------------------|
| 2013 - 14 | \$ 16,500 |
| Thereafter | - |
| | <u>\$ 16,500</u> |

Note 6 Approval of Financial Statements

The financial statements were approved by the board of directors.

The Government House Foundation
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2013

| | 2013 | | 2012 | |
|------------------------------|------------------|------------------|------------------|--|
| | Budget | Actual | Actual | |
| Supplies and Services | | | | |
| Materials and Supplies | \$ 6,000 | \$ 6,915 | \$ 6,636 | |
| General Office | 27,000 | 24,747 | 22,682 | |
| Contracted Services | 14,000 | 59,126 | 18,362 | |
| Hosting | 2,000 | 2,421 | 1,051 | |
| | <u>\$ 49,000</u> | <u>\$ 93,209</u> | <u>\$ 48,731</u> | |

The Government House Foundation
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The Foundation had the following transactions with related parties recorded in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | Entities in the Ministry | | Other Entities | |
|--|--------------------------|-----------|----------------|----------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | |
| Transfers from the Alberta Historical Resources Foundation | \$ 89,453 | \$ 40,000 | \$ - | \$ - |
| Expenses – Directly Incurred Other Services | \$ - | \$ - | \$ 1,672 | \$ 2,591 |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 4,425 |

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

| | Entities in the Ministry | | Other Entities | |
|--------------------------------------|--------------------------|------------------|-----------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Expenses – Incurred by Others | | | | |
| Other Services | \$ 17,980 | \$ 15,660 | \$ - | \$ - |
| Accommodation | - | - | 3,000 | 2,622 |
| | \$ 17,980 | \$ 15,660 | \$ 3,000 | \$ 2,622 |

Schedule 3

**The Government House Foundation
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2013**

| Program | 2013 | | | 2012 | | |
|-----------------------------|-------------------------------|-------------------------------|------------------------------|-------------------|------------------|--|
| | Expenses – Incurred by Others | | | Total Expenses | | |
| | Expenses ⁽¹⁾ | Other Services ⁽²⁾ | Accommodation ⁽³⁾ | | | |
| Public Relations | \$ 60,370 | \$ 11,645 | \$ 1,942 | \$ 73,957 | \$ 27,722 | |
| Administration | 19,315 | 3,726 | 622 | 23,663 | 24,694 | |
| Conservation of Collections | 6,609 | 1,275 | 213 | 8,097 | 2,861 | |
| Collection Acquisitions | 6,915 | 1,334 | 223 | 8,472 | 11,736 | |
| | \$ 93,209 | \$ 17,980 | \$ 3,000 | \$ 114,189 | \$ 67,013 | |

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) The Department of Culture provided financial and administrative services. Costs shown for Other Services on Schedule 2, allocated by estimated costs incurred by each program.

(3) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by square footage.

Historic Resources Fund

Financial Statements

March 31, 2013

**Historic Resources Fund
Financial Statements
March 31, 2013**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Revenues

Schedule 2 – Expenses – Directly Incurred Detailed by Object

Schedule 3 – Related Party Transactions

Schedule 4 – Allocated Costs

Independent Auditor's Report

To the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Historic Resources Fund, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Historic Resources Fund as at March 31, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2013

Edmonton, Alberta

**Historic Resources Fund
Statement of Operations
Year ended March 31, 2013
(in thousands)**

| | 2013 | | 2012 | |
|---|------------------|------------------|---------------|----------|
| | Budget | Actual | Actual | Actual |
| Revenues (Schedule 1) | | | | |
| Interpretive Programs and Services | \$ 3,867 | \$ 3,971 | \$ 3,889 | \$ 3,889 |
| Promotion and Presentation | 4,758 | 3,296 | 3,189 | 3,189 |
| Jubilee Auditoria | 6,730 | 6,713 | 6,845 | 6,845 |
| Other Initiatives | 478 | 330 | 586 | 586 |
| Provincial Archives | 120 | 206 | 167 | 167 |
| | <u>15,953</u> | <u>14,516</u> | <u>14,676</u> | |
| Expenses – Directly Incurred (Note 2(b) and Schedules 2 and 4) | | | | |
| Interpretive Programs and Services | 3,939 | 4,674 | 4,546 | 4,546 |
| Promotion and Presentation | 5,036 | 2,975 | 3,119 | 3,119 |
| Jubilee Auditoria | 6,688 | 5,430 | 5,145 | 5,145 |
| Other Initiatives | 480 | 519 | 471 | 471 |
| Provincial Archives | 120 | 165 | 166 | 166 |
| | <u>16,263</u> | <u>13,763</u> | <u>13,447</u> | |
| Net Operating Results | \$ (310) | 753 | 1,229 | |
| Fund Balances at Beginning of Year | | <u>15,692</u> | <u>14,463</u> | |
| Fund Balances at End of Year | \$ 16,445 | \$ 15,692 | | |

The accompanying notes and schedules are part of these financial statements.

Historic Resources Fund
Statement of Financial Position
As at March 31, 2013
(in thousands)

| | 2013 | 2012 |
|--|-------------------------|-------------------------|
| Financial Assets | | |
| Cash (Note 3) | \$ 14,435 | \$ 12,941 |
| Accounts Receivable (Note 4) | 517 | 1,146 |
| Prepaid Expenses | 63 | 15 |
| Inventory for Resale | 637 | 641 |
| Tangible Capital Assets (Note 5) | <u>3,310</u> | <u>3,468</u> |
| | <u><u>\$ 18,962</u></u> | <u><u>\$ 18,211</u></u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 1,511 | \$ 1,497 |
| Deferred Revenue | 357 | 343 |
| Deferred Contributions (Note 6) | <u>649</u> | <u>679</u> |
| | <u><u>2,517</u></u> | <u><u>2,519</u></u> |
| Fund Balances | | |
| Operating | 2,979 | 3,525 |
| Internally Restricted (Note 7) | <u>13,466</u> | <u>12,167</u> |
| | <u><u>16,445</u></u> | <u><u>15,692</u></u> |
| | <u><u>\$ 18,962</u></u> | <u><u>\$ 18,211</u></u> |

Contractual obligations (Note 8)

The accompanying notes and schedules are part of these financial statements.

Historic Resources Fund
Statement of Cash Flows
Year ended March 31, 2013
(in thousands)

| | 2013 | 2012 |
|--|-----------|-----------|
| Operating Transactions | | |
| Net Operating Results | \$ 753 | \$ 1,229 |
| Non-cash Items Included in Net Operating Results | | |
| Amortization of Tangible Capital Assets | 736 | 843 |
| Loss on Disposal of Tangible Capital Assets | 11 | 14 |
| | 1,500 | 2,086 |
| Decrease (Increase) in Accounts Receivable | 629 | (432) |
| (Increase) Decrease in Prepaid Expenses | (48) | 15 |
| Decrease (Increase) in Inventory for Resale | 4 | (9) |
| Increase in Accounts Payable and Accrued Liabilities | 14 | 917 |
| Increase (Decrease) in Deferred Revenue | 14 | (30) |
| (Decrease) Increase in Deferred Contributions | (30) | 55 |
| | 2,083 | 2,602 |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets (Note 5) | (589) | (540) |
| Proceeds on Disposal of Tangible Capital Assets | - | 3 |
| | (589) | (537) |
| Increase in Cash | 1,494 | 2,065 |
| Cash at Beginning of Year | 12,941 | 10,876 |
| Cash at End of Year | \$ 14,435 | \$ 12,941 |

The accompanying notes and schedules are part of these financial statements.

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2013**

Note 1 Authority and Purpose

Historic Resources Fund (Fund) operates under the authority of the *Historical Resources Act*, Chapter H-9, Revised Statutes of Alberta 2000.

The purpose of the Fund is to protect, enhance, promote and display Alberta's historic resources by funding programs designated by the Lieutenant Governor in Council and by promoting the use and development of related facilities.

The Fund is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Historic Resources Fund, which is part of the Ministry of Culture (Ministry) and for which the Minister of Culture (Minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

Donations that are restricted to a specific use are recorded as deferred contributions and transferred to revenues in the period in which the related expenses are incurred.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers and are recorded as revenue when the Fund is eligible to receive the funds.

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Revenues (continued)

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Fund's actions and communications as to the use of the transfer, create a liability.

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets, and
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value.

Incurred by Others

Services contributed by other entities in support of the Fund's operations are not recognized and are disclosed in Schedule 3 and allocated to programs in Schedule 4.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Fund are limited to cash and financial claims such as accounts receivable from other organizations and individuals as well as inventory for resale. Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first in first out basis.

Assets acquired by right are not included. Tangible capital assets of the Fund are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets.

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2013

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets (continued)

The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Financial Instruments

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, inventory for resale and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

As the Fund does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

Note 3 Cash
(in thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2013, securities held by CCITF have a time-weighted return of 1.3% (2012 – 1.3%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2013

Note 4 Accounts Receivable
(in thousands)

| | 2013 | | 2012 | |
|------------------------|---------------------|---------------------------------|----------------------|-----------------------|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Accounts Receivable | \$ 452 | \$ 21 | \$ 431 | \$ 822 |
| Refunds from Suppliers | 86 | - | 86 | 324 |
| | <hr/> <u>\$ 538</u> | <hr/> <u>\$ 21</u> | <hr/> <u>\$ 517</u> | <hr/> <u>\$ 1,146</u> |

Accounts receivable are unsecured and non-interest bearing.

Note 5 Tangible Capital Assets
(in thousands)

| Estimated Useful Life | Computer Hardware and Software | | 2013 Total | 2012 Total |
|---|--------------------------------|----------------------|------------------------|------------------------|
| | Equipment 3 - 20 years | 5 years | | |
| Historical Cost⁽¹⁾ | | | | |
| Beginning of Year | \$ 8,854 | \$ 330 | \$ 9,184 | \$ 8,715 |
| Additions | 589 | - | 589 | 540 |
| Disposals, Including Write-Downs | (22) | - | (22) | (71) |
| | <hr/> <u>9,421</u> | <hr/> <u>330</u> | <hr/> <u>9,751</u> | <hr/> <u>9,184</u> |
| Accumulated Amortization | | | | |
| Beginning of Year | 5,515 | 201 | 5,716 | 4,927 |
| Amortization Expense | 706 | 30 | 736 | 843 |
| Effect of Disposals | (11) | - | (11) | (54) |
| | <hr/> <u>6,210</u> | <hr/> <u>231</u> | <hr/> <u>6,441</u> | <hr/> <u>5,716</u> |
| Net Book Value at March 31, 2013 | <u>\$ 3,211</u> | <u>\$ 99</u> | <u>\$ 3,310</u> | |
| Net Book Value at March 31, 2012 | <u>\$ 3,339</u> | <u>\$ 129</u> | | <u>\$ 3,468</u> |

⁽¹⁾ Historical cost includes equipment work-in-progress at March 31, 2013 totalling \$464 (2012 – \$285).

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2013

Note 6 Deferred Contributions
(in thousands)

Deferred contributions represent externally restricted contributions received relating to expenses of future years.

Changes in the deferred contributions balance are as follows:

| | 2013 | 2012 |
|---|---------------|---------------|
| Restricted Contributions Received During the Year: | | |
| Promotion and Presentation | \$ 186 | \$ 256 |
| Jubilee Auditoria | - | - |
| Other Initiatives | 88 | 1 |
| Provincial Archives | - | 26 |
| | 274 | 283 |
| Less: Amounts Recognized as Revenue in the Year | (304) | (228) |
| | (30) | 55 |
| Balance at Beginning of Year | 679 | 624 |
| Balance at End of Year | \$ 649 | \$ 679 |
| Balance at End of Year is Comprised of: | | |
| Promotion and Presentation | \$ 438 | \$ 529 |
| Jubilee Auditoria | 31 | 44 |
| Other Initiatives | 179 | 105 |
| Provincial Archives | 1 | 1 |
| | \$ 649 | \$ 679 |

Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2013

Note 7 Internally Restricted Funds
(in thousands)

| | 2013 | | 2012 | |
|-----------------|--|----------------------------------|------------------------|------------------------|
| | Glenbow-Alberta Institute ⁽¹⁾ | Jubilee Auditoria ⁽²⁾ | Total Restricted Funds | Total Restricted Funds |
| Opening Balance | \$ 600 | \$ 11,567 | \$ 12,167 | \$ 10,247 |
| Revenue | 87 | 6,713 | 6,800 | 7,158 |
| Expenses | (71) | (5,430) | (5,501) | (5,238) |
| Closing Balance | <u>\$ 616</u> | <u>\$ 12,850</u> | <u>\$ 13,466</u> | <u>\$ 12,167</u> |

⁽¹⁾ The purpose of the fund is to acquire new provincial historical artifacts from the proceeds of the disposition of deaccessioned provincial collections displayed at the Glenbow-Alberta Institute.

⁽²⁾ Accumulated surpluses arising from the operation of the Jubilee Auditoria may only be used for the payment of expenses related to the Jubilee Auditoria.

Note 8 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Fund to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | 2013 | 2012 |
|---|-------------------|------------------|
| Service Contracts | <u>\$ 8,038</u> | <u>\$ 10,226</u> |
| Estimated payment requirements for each of the next five years and thereafter are as follows: | | |
| | Service Contracts | |
| 2013 - 14 | \$ 7,222 | |
| 2014 - 15 | 559 | |
| 2015 - 16 | 252 | |
| 2016 - 17 | 1 | |
| 2017 - 18 | 1 | |
| Thereafter | <u>3</u> | |
| | <u>\$ 8,038</u> | |

**Historic Resources Fund
Notes to the Financial Statements
Year ended March 31, 2013**

Note 9 Approval of Financial Statements

The financial statements were approved by the senior financial officer and the deputy minister.

Schedule 1

Historic Resources Fund
Schedule to Financial Statements
Revenues
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|--|------------------------|------------------------|------------------------|--------|
| | Budget | Actual | Actual | Actual |
| Federal and Other Government Transfers | \$ 83 | \$ - | \$ - | \$ - |
| Investment Income | 379 | 161 | 148 | 148 |
| Premiums, Fees and Licences | 4,053 | 4,137 | 4,054 | 4,054 |
| Other Revenue | | | | |
| Sales | 4,340 | 4,602 | 4,987 | 4,987 |
| Rental Revenue | 3,101 | 3,995 | 3,953 | 3,953 |
| Recoveries | 3,686 | 1,230 | 1,174 | 1,174 |
| Other Grants and Contributions | - | 315 | 232 | 232 |
| Donations | 271 | 44 | 39 | 39 |
| Prior Years Refunds of Expenses | - | 14 | 66 | 66 |
| Other Miscellaneous Revenue | 40 | 18 | 23 | 23 |
| | <hr/> <u>\$ 15,953</u> | <hr/> <u>\$ 14,516</u> | <hr/> <u>\$ 14,676</u> | |

Schedule 2

Historic Resources Fund
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|---|------------------|------------------|------------------|--------|
| | Budget | Actual | Actual | Actual |
| Contracted Services | \$ 8,728 | \$ 7,548 | \$ 7,522 | |
| Supplies and Services from Support | | | | |
| Service Arrangements with Related Parties ⁽¹⁾⁽²⁾ | 2,254 | 2,417 | 2,450 | |
| Materials and Supplies | 3,798 | 2,289 | 1,960 | |
| Amortization of Tangible Capital Assets | 975 | 736 | 843 | |
| General Office | 378 | 546 | 502 | |
| Travel | 124 | 99 | 82 | |
| Financial Transactions and Other | - | 115 | 83 | |
| Hosting | 6 | 13 | 5 | |
| | \$ 16,263 | \$ 13,763 | \$ 13,447 | |

⁽¹⁾ The Fund receives financial and administrative services from the Department of Culture.

⁽²⁾ The Fund receives administrative services from the Department of Tourism, Parks and Recreation.

Schedule 3

Historic Resources Fund
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Fund paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Entities in the Ministry | | Other Entities | |
|------------------------------|--------------------------|--------|----------------|--------|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | \$ - | \$ - | \$ 49 | \$ 8 |
| Expenses – Directly Incurred | | | | |
| Other services | \$ - | \$ - | \$ 158 | \$ 470 |
| Receivable from | \$ - | \$ 88 | \$ 124 | \$ 152 |
| Payable to | \$ 45 | \$ 481 | \$ 796 | \$ 489 |
| Contractual Obligations | \$ - | \$ - | \$ 368 | \$ 494 |

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Fund also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 4.

| | Entities in the Ministry | | Other Entities | |
|-------------------------------|--------------------------|---------------|----------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| Expenses – Incurred by Others | | | | |
| Other Services | \$ 342 | \$ 329 | \$ - | \$ - |
| Accommodation | - | - | 194 | 194 |
| Internal Audit | - | - | 15 | 103 |
| | \$ 342 | \$ 329 | \$ 209 | \$ 297 |

Historic Resources Fund
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2013
(in thousands)

| Program | Expenses – Incurred by Others | | | | Total Expenses | Total Expenses |
|------------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|------------------|------------------|
| | Expenses ⁽¹⁾ | Other Services ⁽²⁾ | Accommodation ⁽³⁾ | Internal Audit ⁽⁴⁾ | | |
| Interpretive Programs and Services | \$ 4,674 | \$ 192 | \$ 66 | \$ 1 | \$ 4,933 | \$ 4,895 |
| Promotion and Presentation | 2,975 | 122 | 42 | - | 3,139 | 3,288 |
| Jubilee Auditoria | 5,430 | - | 77 | - | 5,507 | 5,219 |
| Other Initiatives | 519 | 21 | 7 | - | 547 | 497 |
| Provincial Archives | 165 | 7 | 2 | 14 | 188 | 174 |
| | \$ 13,763 | \$ 342 | \$ 194 | \$ 15 | \$ 14,314 | \$ 14,073 |

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) The Department of Culture provided financial and administrative services. Costs shown for Other Services on Schedule 3, allocated by estimated costs incurred by each program.

(3) The Department of Infrastructure provided accommodations. Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 3, allocated by square footage.

(4) The Department of Treasury Board and Finance provided Internal Audit Services. Costs shown for Internal Audit on Schedule 3, allocated by estimated costs incurred by each program.

The Wild Rose Foundation

Financial Statements

March 31, 2013

**The Wild Rose Foundation
Financial Statements
March 31, 2013**

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Allocated Costs

Independent Auditor's Report

To the Minister of Culture

Report on the Financial Statements

I have audited the accompanying financial statements of the Wild Rose Foundation, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Wild Rose Foundation as at March 31, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2013

Edmonton, Alberta

The Wild Rose Foundation
Statement of Operations
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|---|----------|----------|--------|--|
| | Budget | Actual | Actual | |
| Revenues | | | | |
| Investment Income | \$ 336 | \$ 92 | \$ 99 | |
| Premiums, Fees and Licences | 185 | 104 | 123 | |
| Other Revenue | | | | |
| Donations | 50 | 57 | 47 | |
| Miscellaneous Revenue | 12 | 6 | 3 | |
| | 583 | 259 | 272 | |
| Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 3) | | | | |
| Vitalize Conference for Volunteers | 583 | 674 | 492 | |
| Net Operating Results | \$ - | (415) | (220) | |
| Operating Fund Balance at Beginning of Year | | 7,832 | 1,552 | |
| Transfer from Endowment Fund | | - | 6,500 | |
| Operating Fund Balance at End of Year | \$ 7,417 | \$ 7,832 | | |

The accompanying notes and schedules are part of these financial statements.

The Wild Rose Foundation
Statement of Financial Position
As at March 31, 2013
(in thousands)

| | 2013 | 2012 |
|--|-----------------|-----------------|
| Financial Assets | | |
| Cash (Note 3) | <u>\$ 7,419</u> | <u>\$ 7,923</u> |
| Prepaid Expenses | <u>10</u> | <u>31</u> |
| | <u>\$ 7,429</u> | <u>\$ 7,954</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | <u>\$ 12</u> | <u>\$ 114</u> |
| Deferred Revenue | <u>-</u> | <u>8</u> |
| | <u>12</u> | <u>122</u> |
| Fund Balances | | |
| Operating | <u>7,417</u> | <u>7,832</u> |
| | <u>\$ 7,429</u> | <u>\$ 7,954</u> |

Contractual obligations (Note 4)

The accompanying notes and schedules are part of these financial statements.

The Wild Rose Foundation
Statement of Cash Flows
Year ended March 31, 2013
(in thousands)

| | 2013 | 2012 |
|---|-----------------|-----------------|
| Operating Transactions | | |
| Net Operating Results | \$ (415) | \$ (220) |
| Decrease (Increase) in Prepaid Expenses | 21 | (20) |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (102) | 79 |
| (Decrease) Increase in Deferred Revenue | (8) | 8 |
| Cash (Applied to) Operating Transactions | <u>(504)</u> | <u>(153)</u> |
| Financing Transactions | | |
| Transfer from Investment | - | 6,500 |
| (Decrease) Increase in Cash | (504) | 6,347 |
| Cash at Beginning of Year | <u>7,923</u> | <u>1,576</u> |
| Cash at End of Year | <u>\$ 7,419</u> | <u>\$ 7,923</u> |

The accompanying notes and schedules are part of these financial statements.

**The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2013**

Note 1 Authority and Purpose

The Wild Rose Foundation (Foundation) operates under the authority of the *Wild Rose Foundation Act*, Chapter W-8, Revised Statutes of Alberta 2000.

The purposes of the Foundation are:

- To provide funding to volunteer, non-profit organizations that provide valuable services to Albertans,
- To foster or promote the use of volunteers, or to assist those who volunteer or use the services of volunteers in Alberta, and
- To foster or promote charitable, philanthropic, humanitarian, or public spirited acts or to assist those who perform them.

The Foundation is a Crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Wild Rose Foundation, which is part of the Ministry of Culture (Ministry) and for which the Minister of Culture (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Donations are recognized as revenues when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value at the date of donation when fair value can reasonably be determined.

**The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2013**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Foundation has primary responsibility and accountability for, as reflected in the government's budget documents.

Incurred by Others

Services contributed by other entities in support of the Foundation operations are not recognized and are disclosed in Schedule 2 and allocated to programs in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Foundation are limited to cash and financial claims such as accounts receivable from other organizations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Financial Instruments

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

As the Foundation does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

**The Wild Rose Foundation
Notes to the Financial Statements
Year ended March 31, 2013**

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2013, securities held by CCITF have a time-weighted return of 1.3% (2012 – 1.3%) per annum.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Foundation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | <u>2013</u> | <u>2012</u> |
|---|---------------|---------------|
| Service Contracts Vitalize Conference for Volunteers | <u>\$ 744</u> | <u>\$ 986</u> |

Estimated payments requirements for each of the next four years and thereafter are as follows:

| | <u>Service Contracts</u> |
|-------------|------------------------------|
| 2013 – 2014 | \$ 254 |
| 2014 – 2015 | 205 |
| 2015 – 2016 | 142 |
| 2016 – 2017 | 143 |
| thereafter | - |
| | <u>\$ 744</u> |

Note 5 Approval of Financial Statements

The financial statements have been approved by the senior financial officer and the deputy minister.

The Wild Rose Foundation
Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object
Year ended March 31, 2013
(in thousands)

| | 2013 | | 2012 | |
|--|---------------------|---------------------|---------------------|--|
| | Budget | Actual | Actual | |
| Supplies and Services from Support Service | | | | |
| Arrangements with Related Parties ⁽¹⁾ | \$ - | \$ - | \$ 110 | |
| Supplies and Services | | | | |
| Contracted and Other Services | 521 | 613 | 370 | |
| Travel | 48 | 52 | 12 | |
| Materials and Supplies | <u>14</u> | <u>9</u> | - | |
| | <hr/> <u>\$ 583</u> | <hr/> <u>\$ 674</u> | <hr/> <u>\$ 492</u> | |

⁽¹⁾ The Foundation receives financial and program related administrative services from the Department of Culture.

The Wild Rose Foundation
Schedule to Financial Statements
Related Party Transactions
Year ended March 31, 2013
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

The Foundation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The Foundation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Entities in the Ministry | | Other Entities | |
|------------------------------|--------------------------|------|----------------|--------|
| | 2013 | 2012 | 2013 | 2012 |
| Expenses – Directly Incurred | | | | |
| Other Services | \$ - | \$ - | \$ - | \$ - |
| Payable to | \$ - | \$ 2 | \$ 12 | \$ 111 |

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

| | Entities in the Ministry | | Other Entities | |
|-------------------------------|--------------------------|------|----------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| Expenses – Incurred by Others | | | | |
| Accommodation ⁽¹⁾ | \$ - | \$ - | \$ - | \$ - |
| Other Services ⁽²⁾ | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - |

⁽¹⁾ The Department of Infrastructure provided accommodations. Current year costs are reflected in the financial statements of the Department of Culture.

⁽²⁾ The Department of Culture provided administrative services.

Schedule 3

The Wild Rose Foundation
Schedule to Financial Statements
Allocated Costs
Year ended March 31, 2013
(in thousands)

| Program | 2013 | | 2012 | |
|------------------------------------|-------------------------|--------|----------|----------------|
| | Expenses ⁽¹⁾ | Others | Expenses | Total Expenses |
| Vitalize Conference for Volunteers | \$ 674 | \$ - | \$ - | \$ 674 \$ 492 |

(1) Expenses – Directly Incurred as per Statement of Operations.

Other Information

**Ministry of Culture
Statements of Writeoffs Year Ended March 31, 2013**

The following information is unaudited:

The following has been prepared pursuant to section 23 of the *Financial Administration Act*. This statement includes all writeoffs made or approved during the fiscal year. There were no remissions or compromises.

Writeoffs

| | |
|-------------------------|---------------------------|
| Accounts Receivable | \$26,388.00 |
| Tangible Capital Assets | <u>\$23,148.82</u> |
| Total Writeoffs | <u><u>\$49,536.82</u></u> |

Acts Administered by Culture

The Ministry of Culture is responsible for a wide array of acts that have a direct impact on quality of life in Alberta. Below is a list of all the acts administered by Culture. If you would like to review these acts in more detail, they are included on the ministry's website (www.culture.alberta.ca/about/legislation.aspx).

| NAME OF ACT | DESCRIPTION |
|---|--|
| <i>Alberta Centennial Medal Act</i> | Establishes the Centennial Medal and the process to award medals to outstanding Albertans who have made a significant contribution to society. |
| <i>Alberta Foundation for the Arts Act</i> | Establishes the foundation with its mandate to promote arts development. |
| <i>Emblems of Alberta Act</i> | Establishes provincial emblems and governs the reproduction and use of emblems. |
| <i>Film and Video Classification Act</i> | Provides a comprehensive procedure for the classification and regulation of films, and provides for the dissemination of information concerning the nature and content of films. |
| <i>First Nations Sacred Ceremonial Objects Repatriation Act</i> | Provides the mechanism for the repatriation of First Nations sacred ceremonial objects. |
| <i>Foreign Cultural Property Immunity Act</i> | Provides immunity from seizure of foreign cultural property in Alberta. |
| <i>Glenbow-Alberta Institute Act</i> | Enables the Glenbow-Alberta Institute to hold and administer grants and to foster historical, cultural and scientific activities in Alberta. |
| <i>Government House Act</i> | Establishes the foundation and sets out its mandate to advise the Minister of Culture on the preservation of Government House as an historic site and building and to inform and stimulate the interest of the public in the historical and architectural development of Government House. |
| <i>Historical Resources Act</i> | Provides for the use and protection of historic resources; establishes the Historic Resources Fund and The Alberta Historical Resources Foundation. |
| <i>Holocaust Memorial Day and Genocide Remembrance Act</i> | Establishes Yom ha-Shoah – Holocaust Memorial Day. |
| <i>Queen Elizabeth II Golden Jubilee Recognition Act</i> | Establishes special awards and scholarships that honour Alberta youth in recognition of the Queen's Golden Jubilee. |
| <i>Ukrainian Famine and Genocide (Holodomor) Memorial Day Act</i> | Establishes Ukrainian Famine and Genocide (Holodomor) Memorial Day. |
| <i>Wild Rose Foundation Act</i> | Establishes the foundation and sets out its mandate of providing grants for nonprofit/voluntary organizations and to promote charitable and humanitarian activities. |

Performance Measures: Data Source and Methodology

Survey of Albertans on Culture

(Measures: 1.a, 2.a, 3.a, 3.b, and 3.c)

The Survey of Albertans on Culture is an annual province-wide telephone survey of 1,000 adult Albertans. Advanis Inc. conducted this survey using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. Albertans were asked questions on topics such as arts and culture, volunteerism and heritage. Interviews were conducted from January 30 to February 22, 2013, by trained and experienced interviewers. At least 10.0 per cent of each interviewer's work was directly monitored during calls. The response rate was 32.4 per cent and the margin of error is +/- 3.1 per cent, 19 times out of 20.

Alberta Multimedia Development Fund - Alberta Production Grant Reports

(Measure: 1.b)

The results for this measure are collected from the Alberta Multimedia Development Fund's administration records. Production companies approved for funding under the Alberta Production Grant stream of the Alberta Multimedia Development Fund submit production reports to the ministry for each production satisfactorily completed. Basic information from the production report is entered by program staff into a spreadsheet, which produces a sum of the dollar value of film productions for the fiscal year. Based on the value of the project, the film production companies provide either audited statements, review engagements prepared by qualified accountants or a statutory declaration as part of the production report. The production is included in the fiscal year that the grant authorization process is initiated, which is shortly after the production report is received. Reporting may occur in a different fiscal year than the year in which the bulk of production work takes place due to project completion times crossing the reporting year, therefore influencing results for the following year.

Client Satisfaction Survey – Customer Service Information System

(Measure: 2.b)

The Client Satisfaction Survey was conducted from April 1, 2012 to March 31, 2013 by the Community Engagement and Inclusion Branch. Survey respondents are clients who receive branch services. Clients are community leaders, members of organizations or representatives of government set in the context of group participation. Only projects completed during the fiscal year are counted in the survey, even if the project was started in a prior year. There were 4,424 surveys distributed; and 4,257 surveys were returned resulting in a response rate of 96.2 per cent. Overall satisfaction is based on the top two response categories of a six point scale (i.e., very satisfied, satisfied, slightly satisfied, slightly dissatisfied, dissatisfied and very dissatisfied). The margin of error is +/- 0.3 per cent, 19 times out of 20.

Readership Survey

Culture 2012-13 Annual Report

Thank you for reading the Culture 2012-13 Annual Report. We hope that you will take a few minutes to complete this readership survey. We are committed to continuous improvement and welcome your feedback and suggestions.

Instructions:

Please read each question carefully and circle the rating that best describes your response. If you require more space for your response, please use a separate piece of paper and identify the corresponding question clearly. If you have any questions, or require further clarification, contact Brad Babiak at 780-644-3272 or brad.babiak@gov.ab.ca.

If you would like to be contacted regarding your feedback, please provide your information below.

Name:

Organization:

Telephone Number:

Email:

1. Having read the *Culture 2012-2013 Annual Report*, how would you rate it overall on the following characteristics?

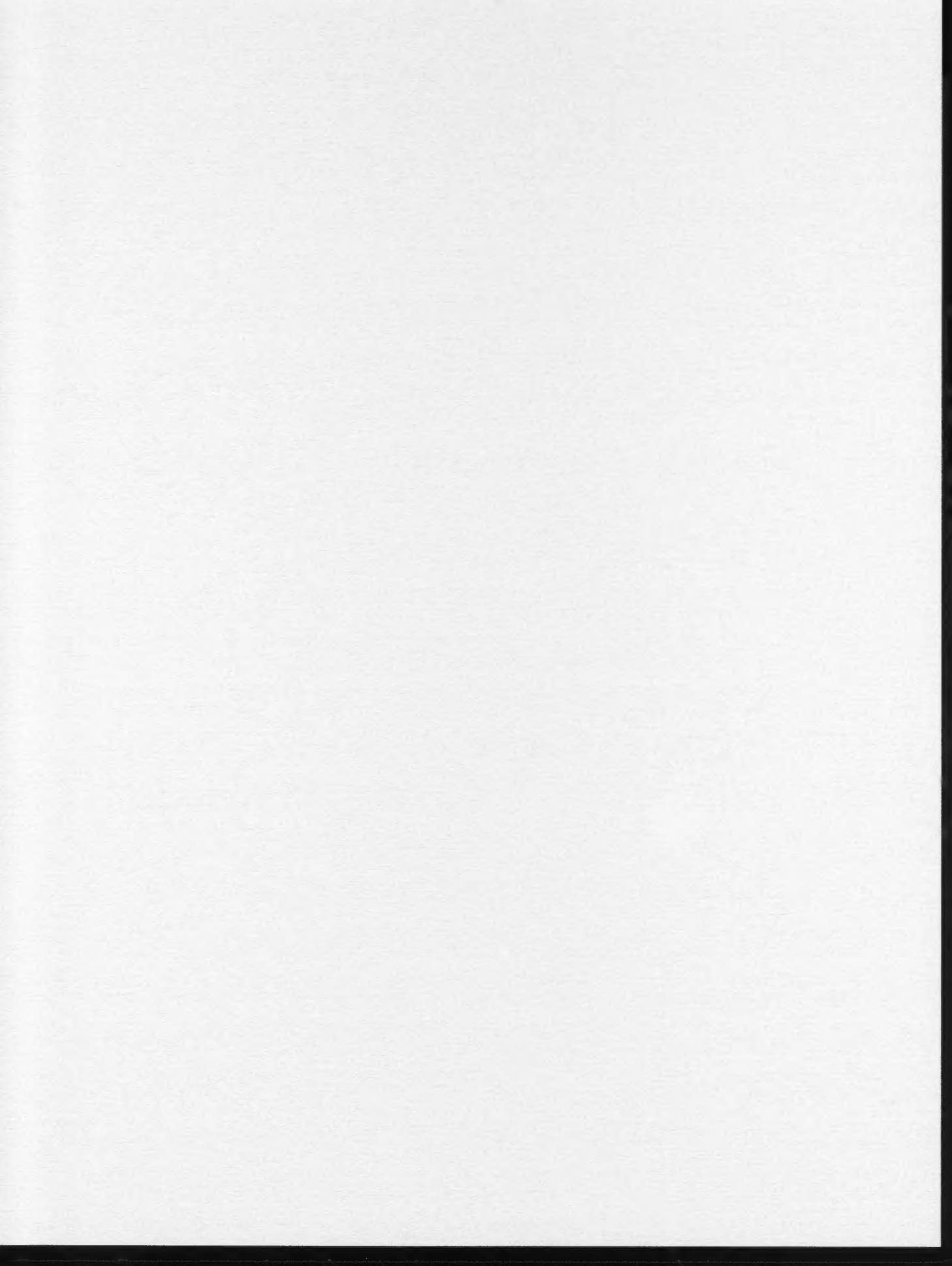
Using scale one to five, where ONE is STRONGLY DISAGREE, THREE is NEUTRAL, and FIVE is STRONGLY AGREE, do you agree that... (*Please circle only one rating number for each statement.*)

| | strongly disagree | neutral | strongly agree | |
|--|----------------------|---------|-------------------|---|
| I learned something new about the ministry reading this report | 1 | 2 | 3 | 4 |
| This annual report is easy to read | 1 | 2 | 3 | 4 |
| This annual report was informative and useful to me | 1 | 2 | 3 | 4 |
| The report has an appealing format/look | 1 | 2 | 3 | 4 |
| I can easily find information that I am looking for | 1 | 2 | 3 | 4 |
| I plan on using this annual report as a reference | 1 | 2 | 3 | 4 |
| Overall, this annual report meets my needs as a reader | 1 | 2 | 3 | 4 |

2. What areas or features did you like the most about this annual report?

3. What areas or features would you recommend for further improvement?

Please tear out this survey and fax it to 780-427-0255 or mail it to Culture, Planning and Performance Measurement, 7th Floor, Standard Life Centre, 10405 Jasper Avenue, Edmonton, Alberta, Canada, T5J 4R7



June 2013

Printed in Canada